



# 2015 ANNUAL REPORT

*RISING TO  
THE CHALLENGE*

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# FINANCIAL HIGHLIGHTS

(Consolidated numbers)

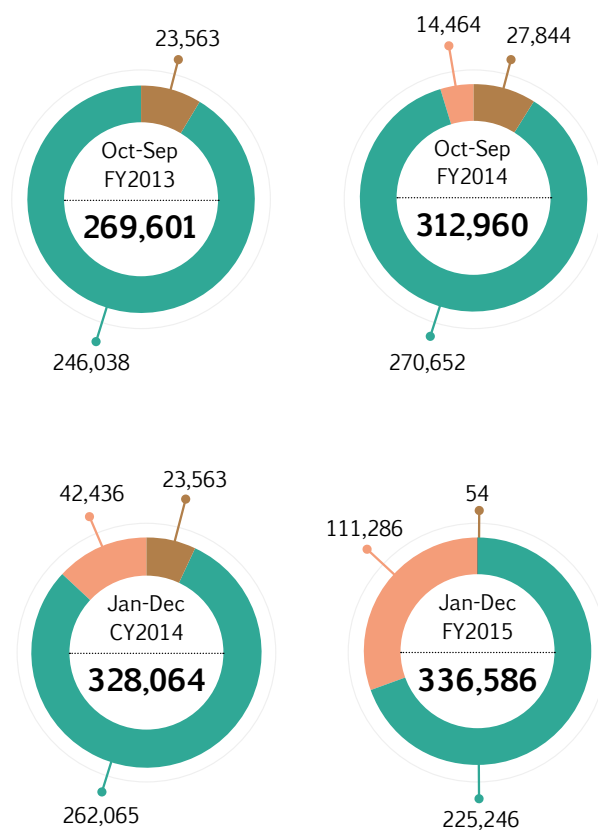
	Year Ended 30 September		Year Ended 31 December	
	2013	2014	2014 (unaudited)	2015
(in thousand US Dollars, except share, per share data, and ratios)				
Service income	269,601	312,960	328,064	336,586
EBITDA*	50,935	52,467	45,676	18,857
Net profits (losses)	15,429	45,276	36,347	(231,343)
Normalised Profit**	n/a	n/a	37,854	2,802
Book value per share	0.38	0.40	0.40	0.23
Return on shareholders' equity (%)	3.46	8.40	6.56	(52.16)
Net profits (losses) margin (%)	5.72	14.47	11.08	(68.73)
Total debt to total capitalisation (Times)	0.21	0.17	0.17	0.25
Net gearing (%)	(2.40)	6.10	3.40	13.80

\* EBITDA excludes impairment losses

\*\* Excludes non-recurring items

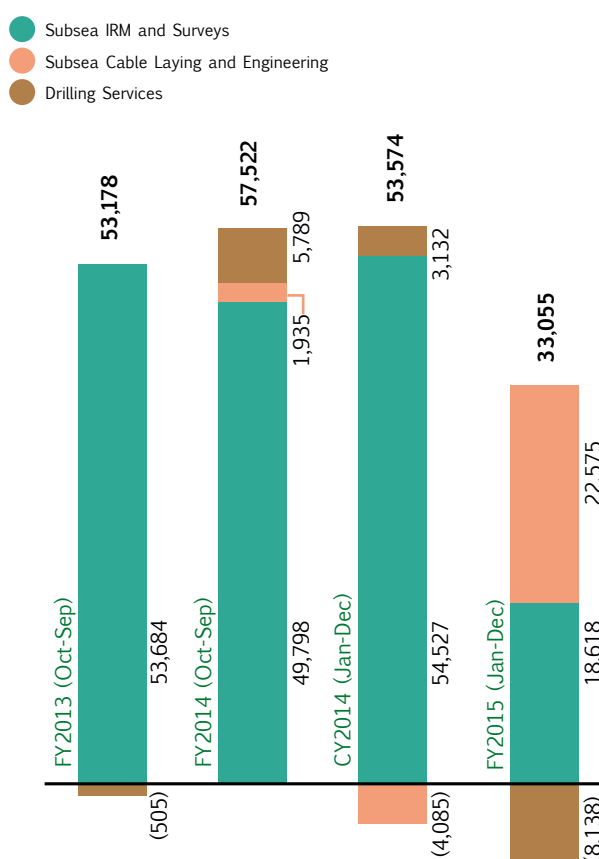
## SERVICE INCOME

Unit : in thousand US Dollars



## GROSS PROFIT

Unit : in thousand US Dollars



# CHAIRMAN'S MESSAGE



**Prasert Bunsumpun**  
*Chairman of The Board*

## DEAR VALUED SHAREHOLDERS,

As we enter 2016, the global economy continues to grapple with the effects of a prolonged period of depressed oil prices. This operating environment has had a ripple effect, negatively impacting not only oil and gas exploration and production, but also the companies that support production and exploration activities. The core businesses of Mermaid Maritime Plc ("Mermaid") -- subsea services and offshore drilling -- have not been immune to these global currents. And while this downturn has presented tremendous challenges, I am very proud that we maintained positive operating results in 2015. And I remain confident that we have put in place ample preparations to weather this storm and emerge strong and competitive.



## AN ERA OF HISTORICALLY LOW OIL PRICES

In our subsea business, our major oil-producing customers have continued to lower or postpone CAPEX by around to 20 to 25 percent, in line with continued downward pressure on oil prices. The combination of weaker demand and a steady supply of vessels entering the market during the year and for the next 24 months, has impacted vessel utilization and put additional pressure on sell rates. As a result, we have seen a number of our well-known peers exit this business. Many others are saddled with debt and remain at risk as long as oil prices remain low.

The situation our offshore drilling businesses face is similar: oil prices have affected demand while an oversupply of old and new rigs has kept both utilization and day rates low. We do not expect market conditions to improve significantly in the ensuing months and there is reason to believe this downturn may last through 2016 or longer.

## STRATEGIC RECALIBRATION

As a result of the challenging outlook across the oil and gas industry, we significantly recalibrated our strategic plan in early 2015. A two-pronged strategy was developed and implemented by Mermaid's senior management team that takes into account both a short-term/tactical approach ("Strengthening our Core") and a longer term vision ("Positioning for Growth"), that will ensure our ability to continue to build sustained shareholder value.

**Strengthening our Core:** Driven by two essential pillars, our short-term strategy is based on revenue protection and cash preservation, supported by a solid foundation of an increasingly streamlined and standardized organization.

**Positioning for Growth:** Our longer-term strategy is based on a gradual and focused value chain move to higher value engineering driven segments offering short and medium range turnkey contracts or lump sum contracts like our Cable Lay business. We are also in the initial states of implementing selective geographical expansion program.

The successful implementation of this strategy helped not only deliver satisfactory 2015 operating results, but gives us the flexibility to take advantage of market

opportunities when conditions improve. Set against the backdrop of the current operating environment, Mermaid remains in a strong position, with a healthy balance sheet as evidenced by our strong liquidity and low net gearing. Our backlog stands at US Dollars 255.5 million as of 31 December 2015, lower than in previous years, but still competitive given market conditions.

## STRONG RESULTS IN THE FACE OF A DIFFICULT MARKET

Despite the challenges of our operating environment, revenues grew 2.6 percent to US Dollars 336 million in 2015. EBITDA for the year was also positive, while net profits before extraordinary charges were US Dollars 2.8 million.

The year-on-year improvement in our revenues was driven by our growing and now profitable cable-lay activities that resulted in strong growth in subsea services in the Western Hemisphere, where our revenues have grown by over 60 percent annually since 2011. We also saw a year-on-year increase in average utilization of subsea owned assets. This was achieved as a result of long-term contracts with established clients thanks to our continuous focus on customer retention aimed at meeting and exceeding service levels and ensuring client satisfaction. We are also reaping the benefits of strategic geographic deployment and Inspection Repair Maintenance (IRM) - focused positioning.

Underscoring these efforts was our outstanding safety record. In 2015, across over 3.7 million man-hours, we reported just one loss time injury and one restricted work case.

In line with our company's principles of transparency, and as required by accounting standards, we carried out an impairment review in 2015. In accordance with our corporate governance practices, our findings were reviewed and validated by one of the 'big four' international accounting firms.

In total during the fourth quarter, we booked US Dollars 228.5 million in non-cash provisions for impairment on the value of key assets, investments in subsidiaries and share of impairment loss in Asia Offshore Drilling Limited ("AOD"), an associate investment in jack-up rigs.

As a result of these extraordinary charges, our positive operating performance translated into net losses for 2015 of US Dollars 231.3 million and US Dollars 16.2 cents per share.



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## AN ENCOURAGING YEAR FOR SUBSEA SERVICES

Performance in our subsea services division was buoyed by fortified relationships with longstanding clients including Saudi Arabian Oil Company (Saudi Aramco), for whom we conducted seven campaigns of spool installations, rectified 320 freespan locations, and carried out nearly 7,000 dives and 1,065 ROV dives during the year.

Meanwhile, we just received an award from CUEL Limited (CUEL), in recognition of Mermaid achieving 10 years without a Day Away from Work Case - a highly notable achievement. At the same time, we reported strong growth (180 percent year-on-year) in our Cable Lay business, which was launched as part of our desire to move up the value chain in 2014.

Finally, we focused on broadening our customer base for a more balanced portfolio, adding a number of clients, particularly in the Western Hemisphere. An increasingly diversified revenue base bolsters our ability to mitigate concentration risk. In parallel, there were a few setbacks in other regions where we saw lower utilization of selected long-term chartered-in vessels. The early termination of some of these long-term chartered-in commitments was a defensive strategy to reduce business risk and conserve cash. Going forward, we have taken steps to avoid a repeat of this performance through a stricter risk management policy with regards to long-term chartered-in exposures.

## A MIXED YEAR FOR OUR DRILLING UNITS



In our drilling businesses, we faced greater challenges as both of our drilling rigs, MTR-1 and MTR-2, were uncontracted for the year. We are currently reviewing several options for the rationalization of these assets.

AOD meanwhile, reported satisfactory operating results, with utilization for all three rigs at 98 percent. Before the impairment charge detailed above and other extraordinary items, AOD's full year contribution to Mermaid would have been US Dollars 19.8 million for 2015 despite a retroactive adjustment we booked in the fourth quarter as a result of a day rate reduction.

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## IMPLEMENTING STRATEGIC IMPERATIVES

In adhering to Mermaid's "Strengthening our Core" strategy, we prioritized revenue protection initiatives while also enhancing internal processes. Key achievements in 2015 included:

- Enhancements in risk/execution management for our Cable Lay and Lump Sum projects, which became profitable in 2015
- Collaborative cost saving negotiations with suppliers
- Implementation of a rightsizing plan to reduce our fixed costs

To put ourselves on track for Mermaid's "Positioning for Growth" strategy, we enter 2016 with a strong overall balance sheet. Our cash reserves remains healthy at US Dollars 63.3 million and we have limited debt.



## A BEARISH MARKET FOR THE FORESEEABLE FUTURE

Looking ahead, the outlook for oil and gas remains bearish but I believe our senior executive team is implementing all of the necessary steps to ensure we are ideally positioned to ride out this downturn. Our commercial team is aggressively tendering for new jobs to add to our existing healthy backlog. In terms of cost control and cash preservation, some of the key initiatives we will be focused on for 2016 include:

- Rationalization of un-competitive assets across our drilling and subsea services segments
- Intensification of efforts to improve internal costs efficiency and productivity while strengthening our overall control environment
- Phase two of our rightsizing initiative in order to realize needed cost savings but with a focus on key talent retention

I am confident that these steps will build on the competitive position we have already established. When the next phase of this cycle comes into view, we will be poised and ready to once again capture growth.

## WORD OF GRATITUDE

First I would like to express my sincere appreciation for the Company's employees, who have not only persevered through this difficult operating environment, but have stewarded the company to an encouraging performance in a number of key metrics. It is their dedication that has cushioned us against the worst effects of the downturn, and positioned us well for the future.

It was the Greek poet Homer, who said in the 8<sup>th</sup> century B.C., "Light is the task when many share the toil." What I believe Homer meant is that teamwork towards a common and shared objective makes both our labor more gratifying, and our objective more reachable. I see both of these traits exemplified in our results for 2015 and as we look to 2016 and beyond.

Finally, I would like to take this opportunity to offer my sincere gratitude to you, our shareholders, for your continued support and confidence in the Company. 2015 was a difficult year. Market conditions remain weak and we do not anticipate an imminent industry turnaround. This reality forced us to take a number of non-cash impairments, significantly impacting our bottom line and limiting our ability to issue a dividend.

As we move into 2016, Mermaid will remain focused on its core mission of being the "Contractor of Choice" in the offshore oil and gas services industry. I believe in our strategy and in our ability to implement our strategic initiatives. And with your continued support, I have no doubt that we will endure and "Rise to the Challenge".

Yours Sincerely,

Mr. Prasert Bunsumpun  
Chairman of The Board



# MERMAID PROFILE

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

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





“ I BELIEVE THAT  
OUR OPPORTUNITIES  
WILL BE FOUND  
IN TIMES  
OF GREATEST  
DIFFICULTY ”

**Prayudh Mahagitsiri**  
*Honorary Adviser*



# THE BOARD OF DIRECTORS

The Board of Directors (“Board”) is responsible for the overall management and strategic direction of Mermaid. The Board is required to meet on a quarterly basis to review and monitor our financial position and operations 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.



## ▶ 1 Mr. Prasert Bunsumpun Non-Executive Chairman (Age 63)

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

## ▶ 2 Mr. Chalermchai Mahagitsiri Executive Vice Chairman & CEO (Age 37)

*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 is 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.

## ▶ 3 Mr. Chia Wan Huat Joseph Executive Director (Age 56)

*Mr. Chia Wan Huat Joseph* has been on the Mermaid Board since 2012 and understands the industry well. He also serves as Executive Director on the board of Thoresen Thai Agencies Plc., a Director and a member of Executive Committee of PM Thoresen Asia Holdings Plc. and Thoresen Shipping Singapore Pte. Ltd. He brings to Mermaid over 13 years of experience in financial management. Mr. Chia currently serves as Senior Executive Vice President of PM Group Co. Ltd. He previously worked at Advance Finance Plc., focusing on the steel, mining, paper, and energy sectors. Mr. Chia holds an Executive Master of Business Administration (EMBA) from the Sasin Graduate Institute of Business Administration of Chulalongkorn University, Thailand. He also completed his Director Certification Program (DCP) from Thai Institute of Directors Association (IOD), Class 165/2012.



▶ **4 Dr. Jean Paul Thevenin**  
**Non-Executive Director (Age 75)**

*Dr. Jean Paul Thevenin* has a Ph.D. in Metallurgy from Orsay University in France and has produced many publications in the field of steel and the steel industry, where he developed his longstanding career. He also serves as a director of Thoresen Thai Agencies Plc. He was the former Managing Director and Chief Executive Officer of Thainox Stainless Public Company Limited, a stainless steel manufacturer in Thailand, which he was in charge of building and managing since 1991. He had also served for many years as President of the Franco–Thai Chamber of Commerce in Thailand and is 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.

▶ **5 Mr. Ng Cher Yan**  
**Independent Director (Age 56)**

*Mr. Ng Cher Yan* is a professional accountant with more than 30 years of experience in his discipline. He worked for an international accounting firm in both Singapore and Australia for more than six years before starting an accounting practice in 1990. He serves as a director on several Singapore listed companies, including Ecowise Holdings Ltd., Samko Timber Ltd., Moneymax Financial Services Ltd. and Vicplas International Ltd as well as a Taiwan listed company, Bull Will Co. Ltd. He graduated with a Bachelor of Accountancy from the National University of Singapore and qualified as a Chartered

Accountant in Australia. He is a Fellow Member of the Institute of Singapore Chartered Accountants and a member of the Institute of Chartered Accountants Australia. He is currently also the Immediate Past Chairman of the Citizens Consultative Committee of the Braddell Heights constituency. Mr Ng was awarded the Pingat Bakti Masyarakat, or the Public Service Medal in 2007.

▶ **6 Mr. Toh Wen Keong Joachim**  
**Independent Director (Age 51)**

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

▶ **7 Dr. Jan Jozef Skorupa**  
**Independent Director (Age 68)**

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

# 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 ASIANA (Built in 2010)

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



### ▶ MERMAID COMMANDER (Built in 1987)

The DSV 'Mermaid Commander' is a purpose-built DP2 diving support vessel currently operating in the Gulf of Thailand. The vessel is equipped with a built in 16-man twin bell saturation diving system complete with a self-propelled hyperbaric lifeboat. The vessel has a 60-tonne crane and accommodation for 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 FLEET PROFILE

## SUBSEA SERVICES



### ◀ MERMAID SAPPHIRE (Built in 2009)

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

### MERMAID CHALLENGER ▶ (Built in 2008)

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



### MERMAID SIAM ▶ (Built in 1991)

The DPB '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.



# MERMAID FLEET PROFILE

## 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.

### ▶ MT6024

(Under construction with delivery in 2016)

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



### ▶ ENDEAVOUR (CHARTERED-IN) (Built in 2008)

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



# MERMAID FLEET PROFILE

## SUBSEA SERVICES

### 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.

### MUBARAK SUPPORTER ▶ (CHARTERED-IN) (Built in 2014)

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

### BOURBON EVOLUTION 806 ▶ (CHARTERED-IN) (Built in 2013)

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



# MERMAID FLEET PROFILE

## SUBSEA SERVICES

### ◀ WINDERMERE (CHARTERED-IN) (Built in 2010)

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



## DRILLING AND ACCOMMODATION BARGE SERVICES

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

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



### MTR-1 ▶ (Built in 1978 and upgraded in 1998)

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





# MERMAID FLEET PROFILE

## DRILLING AND ACCOMMODATION BARGE SERVICES

### 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.

### MTR-3 & MTR-4 ▶

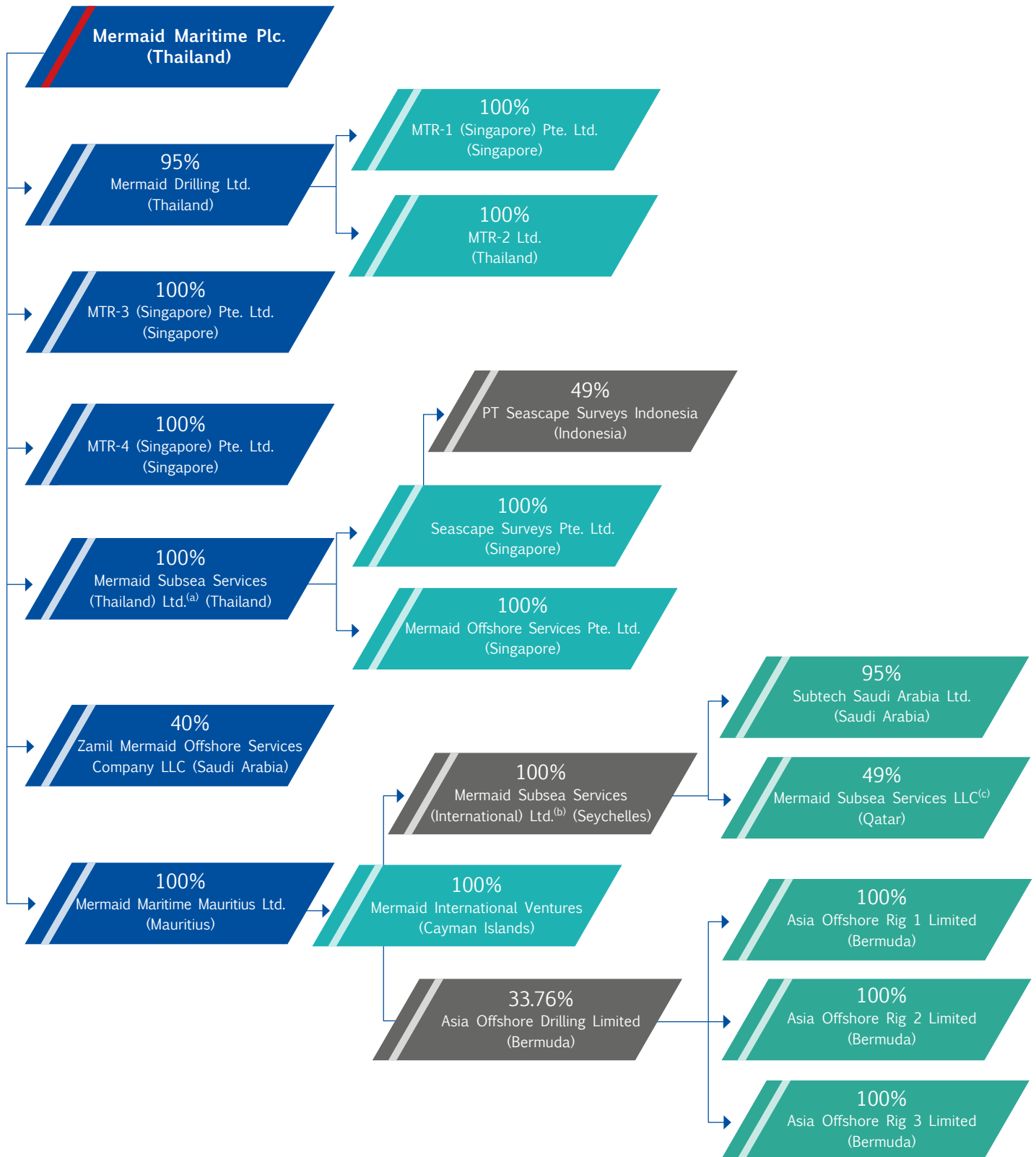
**(Under construction with delivery in 2016)**

The 'MTR-3' and 'MTR-4' are performance class tender assist drilling rigs. These state-of-the-art rigs incorporate the latest modern design features and will be the most advanced tender rigs in the market when they are delivered. The rigs will each be equipped with a modern drilling package supplied by leading drilling equipment specialist National Oilwell Varco. Compared to other tender rigs, these rigs will feature larger deck space, bigger cranes, faster rig moves, larger and more living quarter capacity, larger tank storage and offline activity systems. The rigs will be able to operate in water depths of up to 243 meters with conventional mooring and 914 meters with pre-laid mooring. They will each also have a drilling depth rating of 7,620 meters and accommodation for 200 personnel. All these features will make them more marketable to customers looking for a complete solution to their production drilling programs. The 'MTR-3' and 'MTR-4' are both scheduled for delivery in 2016. Both will be ABS classed and will fly the Singapore flag.



# CORPORATE STRUCTURE

Holding & Operating Companies (as at 29 February 2016)



(a) Mermaid Subsea Services (Thailand) Ltd. was formerly known as Mermaid Offshore Services Ltd.  
 (b) Mermaid Subsea Services (International) Ltd. was formerly known as Subtech Ltd.  
 (c) Mermaid Subsea Services LLC was formerly known as Subtech Qatar Diving & Marine Services LLC.

# KEY EXECUTIVES

## **Mr. Paul Whiley** **Executive Vice President, Mermaid Subsea Services**

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

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

## **Mr. Jean Francois Redon** **Executive Vice President, Asset and Administrative Management (2016+)**

*Mr. Jean Francois Redon* joined Mermaid as Executive Vice President Assets and Administrative in January 2016, bringing with him more than 30 years of experience within the Oil and Gas industry. Jean Francois began his career in 1983 by joining Technip in France after he graduated in Chemical Process Engineering from INSCIR (France). Within the Technip Group, Jean Francois held various positions either in Business Development and Commercial activities or Managing Projects and Affiliated Companies, in different countries such as Brazil, Malaysia, Myanmar and Thailand.

## **Mr. Neil Howie** **Group Regional Director, Subsea Services, Western Hemisphere**

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

**Mr. William Macdonald**  
**Group Regional Director, Subsea Services, Eastern Hemisphere**

*Mr. William Macdonald* joined Mermaid Subsea Services in January 2006 and brings with him 25 years of experience in the marine, diving and subsea construction industry. William served in the Merchant Marine as a marine engineer prior to moving into the offshore diving industry where he worked as an air and saturation diver and diving supervisor. During the late 1980s he completed a Bachelor of Commerce degree and became a Chartered Accountant working for KPMG (Vancouver) in their Receivership & Insolvency division. Following a period of work as a Business Operations Manager, William returned to the offshore diving industry in 2000 where he has since worked continuously for the last 16 years in various Project, Operations, Business Development, and General Management roles. Companies he has worked for during this period include Oceaneering International (Indonesia), Global Industries (Asia Pacific), SMIT (Russia) and Hallin Marine Services (Thailand). During his last 10 years at Mermaid, he has been involved in all facets of the business including Projects, Operations, Business Development and General Management.

**Dr. Vincent Siaw**  
**Senior Vice President, General Counsel & Company Secretary**

*Dr. Vincent Siaw* joined Mermaid in 2005 and during his last 10 years at Mermaid, he has performed various 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 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 and Solicitor in Australia and Solicitor in England and Wales.

**Mr. Nha-Vinh Julien Nguyen**  
**Chief Financial Officer (2016+)**

*Mr. Nha-Vinh Julien Nguyen* joined Mermaid as Chief Financial Officer in January 2016. In his previous role, Vinh was Chief Financial Officer of Thoresen & Co. (Bangkok) Ltd., where he oversaw the accounting, treasury, controlling, business and strategic planning functions of the Dry Bulk Shipping subsidiary of Thoresen Thai Agencies Plc. Previously, Vinh also worked for The Boston Consulting Group and Pricewaterhouse Coopers during 2007 to 2010. In his capacity as Management Consultant, he helped a number of South East Asian corporations and government-linked entities to develop their Strategies. Vinh began his career with Air France in 1999 in the Asia-Pacific Regional Head Office where he worked 6 years. In his most recent role as China route manager, he was responsible for defining and implementing development programmes for the air routes between France and Greater China. His international exposure includes living in Africa, North America, Europe and Asia. He holds an M.Sc. in Engineering from Ecole Centrale de Lyon in France, and an M.B.A. from Stanford University, CA., U.S.A.

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

# MERMAID GROUP COMPANIES

as at 29 February 2016

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. (a)	Subsea	Thailand	24 June 2003	0105546072562	Ordinary	THB 2,930,000,000	293,000,000	100% (direct)
3.	Seascope Surveys (Thailand) Ltd.	Subsea	Thailand	26 March 2008	0105551035432	Ordinary	THB 34,000,000	3,400,000	100% (indirect)
4.	Seascope Surveys Pte. Ltd.	Subsea	Singapore	24 November 2004	200415192D	Ordinary	SGD 100	100	100% (indirect)
5.	PT Seascope Surveys Indonesia	Subsea	Indonesia	19 January 2005	09.03.1.74.44960	Ordinary	IDR 7,328,000,000	800	49% (indirect)
6.	Mermaid Subsea Services (International) Ltd. (b)	Subsea	Seychelles	05 March 2008	046418	Ordinary	USD 1	1	100% (indirect)
7.	Mermaid Subsea Services LLC (c)	Subsea	Qatar	11 November 2008	40867	Ordinary	QAR 200,000	200	49% (indirect)
8.	Subtech Saudi Arabia Ltd.	Subsea	Saudi Arabia	8 April 2011	623353	Ordinary	SAR 500,000	5,000	95% (indirect)
9.	Zamil Mermaid Offshore Services Company LLC	Subsea	Saudi Arabia	18 September 2012	2051050298	Ordinary	SAR 2,000,000	2,000	40% (direct)
10.	Mermaid Offshore Services Pte. Ltd.	Subsea	Singapore	28 March 2011	201107423W	Ordinary	USD 20,400,100	20,400,100	100% (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.	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.	MTR-2 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717875R	Ordinary	USD 1	1	95% (indirect)

\* as a public limited company

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
18.	MTR-3 (Singapore) Pte. Ltd.	Drilling	Singapore	30 July 2008	200814981N	Ordinary	USD 22,000,100	22,000,100	100% (direct)
19.	MTR-4 (Singapore) Pte. Ltd.	Drilling	Singapore	8 January 2014	201400893C	Ordinary	USD 22,000,079	22,000,100	100% (direct)
20.	Mermaid MTN Pte. Ltd. (d)	Drilling	Singapore	8 January 2014	201400899G	Ordinary	SGD 100	100	100% (direct)
21.	Asia Offshore Drilling Limited	Holding	Bermuda	29 October 2010	44712	Ordinary	USD 60,000,100	60,000,100	33.76% (indirect)
22.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
23.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
24.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
25.	Mermaid Maritime Mauritius Ltd.	Holding	Mauritius	25 March 2014	121881	Ordinary	USD 1	1	100% (direct)
26.	Mermaid International Ventures	Holding	Cayman Islands	26 August 2014	291210	Ordinary	USD 100	100	100% (indirect)

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

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

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

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

# 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 2015, 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:

1. responsible for overall management and strategic directions for the Group;
2. performing duties with knowledge, competence, transparency, due care and accountability for the Company and its shareholders;
3. bringing an expertise, capability and experience that are beneficial to the Company’s operation;
4. having a leadership skill, vision and independent decision-making ability to ensure the utmost benefit to the Company and the shareholders; and
5. meet on a 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 2015, as well as the attendance of every Board member at these meetings, including participation through teleconference, is as follows.

Name	Type of Meetings					
	Board	Audit Com.	Rem. Com.	Nom. Com.	Exec. Com.	Risk Com.
Mr. Prasert Bunsumpun	11/12	-	-	-	9/9	-
Mr. Chalermchai Mahagitsiri	11/12	-	-	-	8/9	3/3
Mr. Chia Wan Huat Joseph	12/12	-	-	4/4	9/9	-
Mr. Ng Cher Yan	12/12	4/4	3/4	3/4	-	3/3
Mr. Toh Wen Keong Joachim	11/12	4/4	4/4	4/4	-	-
Dr. Jean Paul Thevenin	12/12	4/4	4/4	4/4	9/9	3/3
Dr. Jan Jozef Skorupa	9/12	2/3*	2/4	2/4	-	-

\* Dr. Jan Jozef Skorupa was appointed as a member of Audit Committee on 17 March 2015.

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

## BOARD MEETINGS VIA ELECTRONIC MEDIA

Due to limitation under Thai law, the Company and its Thai-incorporate subsidiaries do not have a requirement in its Articles of Association to allow for telephonic and video-conferences for its and their Board or shareholder meetings.

As a recent development, the Thailand National Council for Peace and Order announcement issued on 27 June 2014 broadly states that "any meeting which the law requires to be held" can be conducted via electronic media.

In order for such meetings 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.

The Department of Business Development ("DBD") at the Ministry of Commerce (the main authority governing the registration of business entities in Thailand) subsequently decided that the announcement applies to directors and shareholder meetings of companies. This means that provisions in Articles of Association to give effect to electronic meetings, as well as the registration of resolutions passed at electronic meetings of directors and shareholders of both private and public companies, are now allowed by the DBD.

Prior to implementation, the DBD is currently considering changes to the regulations of the Office of the Central Company and Partnership Registration to reflect adoption of Electronic Meetings. In the event that regulations are released allowing for such Electronic Meetings, Mermaid and its relevant Thai-incorporated subsidiaries shall amend its and their Articles of Association to allow for telephonic and video-conferences for Board and shareholder meetings pursuant to such regulations.

Notwithstanding the continuing development of this subject matter in Thailand, Mermaid is able to conduct Board meetings via telephonic and video-conferences insofar as it relates to its subsidiaries incorporated in jurisdictions outside Thailand, to the extent permissible by applicable laws 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 2015, the Company has yet to adopt a formal policy on Sustainable Reporting.

## 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 2015, the Board comprises of seven (7) Directors including three (3) Independent Directors, two (2) Non-Executive Directors, and two (2) Executive Directors.

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 2015, the Audit Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and three (3) Independent Directors, namely Mr. Ng Cher Yan, Mr. Toh Wen Keong Joachim and Dr. Jan Jozef Skorupa. The Chairman of the Audit Committee was Mr. Ng Cher Yan. The majority of the Audit Committee members, including the Chairman are Independent Directors.

**The Audit Committee is responsible, among other things 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 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, 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 financial statements.

## REMUNERATION COMMITTEE

As at 31 December 2015, the Remuneration Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and three (3) Independent Directors, namely Mr. Ng Cher Yan, Mr. Toh Wen Keong Joachim and Dr. Jan Jozef Skorupa.

The Chairman of the Remuneration Committee was Mr. Ng Cher Yan. The majority of the Remuneration Committee members, including the Chairman are Independent Directors.

**The Remuneration Committee is responsible, among other things 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 2015, the Nomination Committee comprises one (1) Executive Director, namely, Mr. Chia Wan Huat Joseph, one (1) Non-Executive Director, namely, Dr. Jean Paul Thevenin, and three (3) Independent Directors, namely Mr. Toh Wen Keong Joachim, Mr. Ng Cher Yan and Dr. Jan Jozef Skorupa. The Chairman of the Nomination Committee was Mr. Toh Wen Keong Joachim.

**The Nomination Committee is responsible, among other things to:**

- (a) review of 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 2015, the Executive Committee members were Mr. Prasert Bumsumpun, Mr. Chalermchai Mahagitisiri, Mr. Chia Wan Huat Joseph, and Dr. Jean Paul Thevenin. The Chairman of the Executive Committee was Mr. Prasert Bunsumpun.

**The Executive Committee is responsible, among other things to:**

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

## RISK MANAGEMENT COMMITTEE

As at 31 December 2015, the Risk Management Committee members were Dr. Jean Paul Thevenin, Mr. Ng Cher Yan, Mr. Chalermchai Mahagitsiri, and Mr. Katarat Suksawang. The Chairman of the Risk Committee was Dr. Jean Paul Thevenin.

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

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

## BOARD INDEPENDENCE

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

None of our Directors has served on our Board beyond nine (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 of whom 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 Chairman and the CEO of Mermaid are not related to each other. The role of the Chairman includes:**

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

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

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 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 has up to its Annual General Meeting of Shareholders ("AGM") in 2018 to propose to the Shareholders a revised composition of the Board such that Independent Directors should make up at least half of the Board.

## 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 Article of Association and makes recommendations to the Board.

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

The Nomination Committee has conducted an annual review of Directors' independence based on the Code's criteria for independence and is of the view that Mr. Ng Cher Yan, Mr. Toh Wen Keong Joachim and Dr. Jan Jozef Skorupa are independent. The Nomination Committee has conducted a formal assessment of the Board's performance as a whole for the financial year ended 31 December 2015.

In the selection and nomination for new Directors, the Nomination Committee taps on the Directors' resources to ensure the potential candidates possess relevant experience and have the caliber to contribute to the Company and its business, having regard to the attributes of the existing Board and the requirements of the Company. The potential candidates will go through a shortlisting process and thereafter, set up the interviews with the shortlisted candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. As recommended by the Nomination Committee, a new Director can be appointed by way of Board resolution. There is no alternate director on the Board.

The Chairman of the Nomination Committee, Mr. Toh Wen Keong Joachim, was appointed to serve as Lead Independent Director effective 15 December 2015. 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(s). 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 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 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 was appointed on 1 June 2005. The appointment and removal of Company Secretary should be a matter for the Board as a whole.

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

## PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

### PRINCIPLE 7

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

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

For the financial year ended 31 December 2015, 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 Director and Independent Directors do not have service agreements with the Company. They are paid Directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the responsibilities, effort and time spent for serving the Board and Board Committees. The Non-Executive Director and Independent Directors do not receive any other remuneration from the Company. Directors' fees are tabled 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 2015 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. Chia Wan Huat Joseph	-	-	-	●	-
Dr. Jean Paul Thevenin	-	●	-	-	-
Mr. Ng Cher Yan	-	●	-	-	-
Mr. Toh Wen Keong Joachim	-	●	-	-	-
Dr. Jan Jozef Skorupa	●	-	-	-	-

Directors who receive remuneration as executives of the Company include Mr. Chalermchai Mahagitsiri in his capacity as Executive Vice Chairman and CEO, and Mr. Chia Wan Huat Joseph in his capacity as Executive Director. As executives of the Company, both persons do not receive any Directors' fees.

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 2015, all Directors served for the full financial period.

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

Name	[1]	[2]	[3]	[4]	[5]
Mr. Prasert Bunsumpun	100%	-	-	-	-
Mr. Chalermchai Mahagitsiri	-	100%	-	-	-
Mr. Chia Wan Huat Joseph	-	100%	-	-	-
Dr. Jean-Paul Thevenin	100%	-	-	-	-
Mr. Ng Cher Yan	74%	-	-	26%	-
Mr. Toh Wen Keong Joachim	69%	-	-	31%	-
Dr. Jan Jozef Skorupa	100%	-	-	-	-

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

Key Executives	Below SGD 250k	SGD 250k-500k
Mr. Paul Whiley	-	●
Mr. Neil Howie	-	●
Mr. Peter Reichlmeier	-	●
Mr. Katarat Suksawang	●	-
Mr. Jeffery Allen Breal	-	●

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).

Mr. Jeffrey Allen Breal's employment ended on 8 November 2015 and Mr. Peter Reichlmeier's employment ended on 20 November 2015.

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

Key Executives	[1]	[2]	[3]	[4]
Mr. Paul Whiley	100%	-	-	-
Mr. Neil Howie	94%	-	6%	-
Mr. Peter Reichlmeier	77%	-	23%	-
Mr. Katarat Suksawang	100%	-	-	-
Mr. Jeffery Allen Breal	100%	-	-	-

The aggregate remuneration paid to the above key management personnel (who are not Directors) for financial year ended 31 December 2015 was SGD 2,528,429.

**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 2015.

## AUDIT COMMITTEE

### PRINCIPLE 12

As at 31 December 2015, the Audit Committee held four (4) meetings. The management of Mermaid, including the CEO, 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, rules or regulations, 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 appraised 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 top executives of the Company.

### DIVIDEND

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

On 26 November 2014, the Board of Mermaid proposed a final dividend of US Dollars 0.47 cents per share for the financial year ended 30 September 2014. The dividend was paid on 23 February 2015 upon the approval from AGM No. 01/2015 dated 27 January 2015.

On 27 February 2015, the Board of Mermaid declared a final dividend of US Dollars 0.40 cents per share for the financial period from 1 October 2015 to 31 December 2015. The dividend was paid on 20 May 2015 upon the approval from AGM No. 02/2015 dated 29 April 2015.

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

On 31 July 2013, 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 11 March 2015, 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	4,740
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 of the total number of voting rights of all of the shareholders who attend the meeting and have the right to vote:

- the sale or transfer of all or a substantial part of Mermaid’s business to any other person or the purchase by Mermaid or acceptance of transfer of the businesses of other companies to Mermaid;
- the making, amendment or termination of contracts relating to the leasing out of all or a substantial part of Mermaid’s business, the assignment to any other person to manage Mermaid’s business or the consolidation of Mermaid with other persons with an objective towards profit and loss sharing; and
- the increase or reduction of registered capital, issuance of bonds for offer to the public, amalgamation with another company, dissolution or the amendment to the Memorandum of Association and Articles of Association of Mermaid.

To remove a Director before his/her term requires a resolution of a general meeting of shareholders of not less than three-fourths of the number of shareholders who attend the meeting, who have the right to vote, and hold shares in aggregate of not less than half of the total number of shares held by shareholders attending the meeting and entitled to vote.

In addition, to fix the remuneration of Directors requires a resolution of a general meeting of shareholders of not less than two-thirds of all votes presented.

## 2. DISTRIBUTION OF SHAREHOLDINGS

As at 11 March 2016, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders	%	Number of Shares	%
1 – 99	213	4.49	3,642	0.00
100 – 1,000	200	4.22	177,906	0.01
1,001 – 10,000	1,805	38.08	11,897,632	0.84
10,001 – 1,000,000	2,497	52.68	148,331,400	10.50
1,000,001 and above	25	0.53	1,252,918,277	88.65
<b>Total</b>	<b>4,740</b>	<b>100.00</b>	<b>1,413,328,857</b>	<b>100.00</b>

## 3. DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 11 March 2016, 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%)	122,311,713 (8.65%)	822,311,713 (58.18%)
Soleado Holdings Pte. Ltd. (“Soleado”) (see Note 2)	101,913,293 (7.21%)	-	101,913,293 (7.21%)
Mr. Chalermchai Mahagitsiri (see Note 3)	150,461,660 (10.65%)	822,311,713 (58.18%)	972,773,373 (68.83%)
Mr. Prayudh Mahagitsiri (see Note 4)	55,081,582 (3.90%)	63,588,647 (4.50%)	118,670,229 (8.40%)
Ms. Ausana Mahagitsiri (see Note 4)	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: During the financial year ended 31 December 2015, Soleado acquired 5,603,900 ordinary shares (0.40%) via on-market transaction.

Note 3: Mr. Chalermchai Mahagitsiri was the registered holder of 251,348,382 ordinary shares (13.79%) in TTA and 150,000,000 ordinary shares (8.23%) 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 (1.53%) in TTA and Mr. Prayudh Mahagitsiri who is the registered holder of 583,258 ordinary shares (0.03%) in TTA. The combined interest of Mr. Chalermchai Mahagitsiri and his three above mentioned associates in TTA is therefore 500,572,600 ordinary shares (27.47%).

Accordingly, Mr. Chalermchai Mahagitsiri has a deemed interest in the 700,000,000 shares and 122,311,713 shares held in aggregate by TTA, Soleado and Athene in the Company.

Note 4: 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 11 March 2016, the twenty (20) largest holders of ordinary shares in Mermaid on record and the number of shares held by such shareholders were as follows:

No.	Name	Shares	%	Culm. %
1	THORESEN THAI AGENCIES PLC	700,000,000	49.53	49.53
2	HL BANK NOMINEES (S) PTE. LTD.	234,932,958	16.62	66.15
3	SOLEADO HOLDINGS PTE. LTD.	101,913,293	7.21	73.36
4	BNP PARIBAS SECURITIES SVCS	44,155,450	3.12	76.49
5	RAFFLES NOMINEES (PTE.) LTD.	25,361,134	1.79	78.28
6	ATHENE HOLDINGS LTD.	20,398,420	1.44	79.72
7	CITIBANK NOMS S'PORE PTE. LTD.	17,820,620	1.26	80.98
8	DBS NOMINEES PTE. LTD.	17,256,515	1.22	82.21
9	DBS VICKERS SECS (S) PTE. LTD.	16,027,946	1.13	83.34
10	HSBC (SINGAPORE) NOMS PTE. LTD.	12,449,400	0.88	84.22
11	BNP PARIBAS NOMS S'PORE PTE. LTD.	8,566,200	0.61	84.83
12	DB NOMINEES (S) PTE. LTD.	7,685,610	0.54	85.37
13	CIMB SEC (S'PORE) PTE. LTD.	7,624,171	0.54	85.91
14	MAYBANK KIM ENG SECS PTE. LTD.	7,418,300	0.52	86.43
15	UOB KAY HIAN PTE. LTD.	5,843,300	0.41	86.85
16	OCBC SECURITIES PRIVATE LTD.	5,383,358	0.38	87.23
17	PHILLIP SECURITIES PTE. LTD.	5,212,702	0.37	87.60
18	LEE GEOK HWA	3,363,500	0.24	87.84
19	TEO YU HONG	2,200,000	0.16	87.99
20	LIM & TAN SECURITIES PTE. LTD.	2,143,000	0.15	88.14

## 5. MERMAID SHARES HELD BY DIRECTORS

As at 21 January 2016, 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	822,311,713	58.18
Mr. Ng Cher Yan	None	n/a	None	n/a
Mr. Toh Wen Keong Joachim	None	n/a	None	n/a
Mr. Chia Wan Huat Joseph	40,000	0.0028	None	n/a
Dr. Jean Paul Thevenin	None	n/a	None	n/a
Dr. Jan Jozef Skorupa	80,000	0.0057	None	n/a

## 6. SHAREHOLDING HELD BY PUBLIC

As at 11 March 2016, the percentage of ordinary shares held in the hand of the public was 22.75%. 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 2015 or still subsisting as at 31 December 2015.

## 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 2015 amounted to US Dollars 169,950 (one hundred sixty nine thousand nine hundred and fifty United States Dollars).

Non-audit fee paid to KPMG and its relevant affiliated audit entities during the financial year ended 31 December 2015 amounted to US Dollars 4,205 (four thousand two hundred and 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 2015.

	Group	
	2015	2014
	USD	USD
<b>Audit fees :</b>		
- Auditors of the Company	169,950	96,092
- Other auditors	57,863	21,500
<b>Non-audit fees :</b>		
- Auditors of the Company	4,205	6,702
- Other auditors	26,352	127
<b>Total audit and non-audit fees</b>	<b>258,370</b>	<b>124,421</b>

## 11. APPOINTMENT OF AUDITOR

Auditors from KPMG were reappointed by a resolution of the Company's shareholders on 29 April 2015 to audit the Company's separate financial statements and the Company and its subsidiaries' consolidated financial statements for the financial year ended 31 December 2015.

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 2015:

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

Ms. Pornthip Rimdusit was the audit partner in charge of auditing and expressed her opinion on the consolidated and separate Company financial statements for the financial year ended 31 December 2015. This is the second year that she audited and expressed her 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 2015 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 2015.

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 2015 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 2015 was US Dollars 105.33 million, or 75.70% 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 Limited	35.00
2.	The deposit and related payment for the construction and purchase of two tender rigs and one dive support and construction vessel	70.33
<b>Total</b>		<b>105.33</b>
<b>Balance of Net Proceeds</b>		<b>33.82</b>

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 2015, 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 represented by 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 2015, only 236,643 of these registered but unissued ordinary shares remain reserved under the ESOPs. The balance of 3,135,197 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.	Mr. Toh Wen Keong Joachim	26 Jun 2012	28 Jan 2014	AGM 2016
2.	Mr. Chia Wan Huat Joseph	26 Jun 2012	27 Jan 2015	AGM 2016
3.	Mr. Chalermchai Mahagitsiri	19 Jun 2012	27 Jan 2015	AGM 2016
4.	Mr. Prasert Bunsumpun	19 Jun 2012	27 Jan 2015	AGM 2017
5.	Dr. Jean Paul Thevenin	28 Jan 2013	29 Apr 2015	AGM 2017
6.	Mr. Ng Cher Yan	19 Jun 2012	29 Apr 2015	AGM 2017
7.	Dr. Jan Jozef Skorupa	21 Oct 2013	29 Apr 2015	AGM 2018

## 16. DETAILS OF EMPLOYEE SHARE OPTION PLAN

Mermaid's first employee share option plan ("ESOP") was approved by Mermaid's shareholders on 11 July 2007 ("ESOP 2008"). 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 and all remaining Options shall expire on 15 December 2016.

Details of ESOP 2008 and ESOP 2009 have been disclosed in previous Annual Reports. The following is a summary of the principal rules of ESOP 2010 and ESOP 2011 as they related to the financial year ended 31 December 2015.

### *(a) Objectives of ESOPs*

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

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

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

### *(b) Summary of ESOP 2010 and ESOP 2011*

A summary of the rules of ESOP 2010 and ESOP 2011 is set out below. A summary of the principle terms of ESOP 2010 and ESOP 2011 were circulated to the shareholders on 6 January 2010 and 3 January 2011 respectively with full details available to shareholders upon request.

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

*Option Participants:* Employees of the Group (including Executive Directors and Non-Executive Directors) were eligible to participate in ESOP 2010 and ESOP 2011 at the absolute discretion of the Remuneration Committee. Persons who are controlling shareholders and their associates were not eligible to participate in ESOP 2010 and ESOP 2011.

*Size of ESOPs:* The aggregate number of new shares that were available to be granted under ESOP 2010 was limited to 4,000,000 shares or 0.51% of the increased issued share capital of Mermaid (after the Rights Issue in 2011). The aggregate number of new shares that were available to be granted under ESOP 2011 was also limited to 4,000,000 shares or 0.51% of the paid-up capital of Mermaid. The conversion rate was set at one (1) share per one (1) Option.

*Maximum entitlements:* The number of Options to be offered to a participant was determined at the absolute discretion of the Remuneration Committee, which took into account criteria such as performance of the eligible participant.

*Options, exercise period and exercise price:* The exercise price for each share in respect of which an Option is exercisable was set at the price equal to the average of the “Market Price” at the date of each grant of Options, being the price equal to the weighted average price for the shares on SGX-ST fifteen (15) consecutive trading days immediately preceding the date of grant of the Options.

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

*Grant of Options:* Under the rules of the Thai Securities and Exchange Commission (“Thai SEC”), the Options must be granted within one (1) year from the approval date of each ESOP. The expiry dates for the grant of Options under ESOP 2010 and ESOP 2011 have already lapsed. Therefore no new Options can be granted under the said schemes.

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

*Share Allotment:* Shares which are allotted through exercise of Options will upon issue rank pari passu in all respects with the then existing issued shares, save for any dividend, rights, allotments or distributions, the record date (“Record Date”) for which falls on or before the relevant exercise date of the Option. “Record Date” means the date as at the close of business on which the shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

### *(c) Financial Effects of ESOP 2010 and ESOP 2011*

*Share capital:* ESOP 2010 and ESOP 2011 will result in an increase in Mermaid’s issued share capital when the Options are exercised into new shares and when new shares are issued to participants pursuant to the grant. This will in turn depend on, among others, the number of shares comprised in the Options to be granted, the vesting schedules under the Options and the prevailing market price of the shares on the SGX-ST.

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

### *(d) Allocation of ESOP 2010*

Allocation of Options pursuant to ESOP 2010 was made by the Remuneration Committee on 01 December 2010. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 1 December 2010 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2010. A summary of ESOP 2010 allocation is set out below:

	<b>ESOP 2010</b>
Shares Allocated for Options	4,000,000
Total Options Issued	700,000
Options Issue Date	1 Dec 2010
No. of Participants	25
Exercise Price	SGD 0.45

The Remuneration Committee who administered ESOP 2010 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Ms. Joey Horn. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong. All of the aforesaid persons are no longer Directors of the Company.

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

Reference is made to the Directors of Mermaid that remained in office on 31 December 2015. As at 31 December 2015, none of the said Directors were participants of ESOP 2010.

*(e) Allocation of ESOP 2011*

Allocation of Options pursuant to ESOP 2011 was made by the Remuneration Committee on 15 December 2011. In accordance with Rule 704(27) of the SGX-ST Listing Manual, Mermaid had on 15 December 2011 disclosed to the SGX-ST details of the grant of Options pursuant to ESOP 2011. A summary of ESOP 2011 allocation is set out below:

	<b>ESOP 2011</b>
Shares Allocated for Options	4,000,000
Total Options Issued	1,310,000
Options Issue Date	15 Dec 2011
No. of Participants	33
Exercise Price	SGD 0.235

The Remuneration Committee who administered ESOP 2011 comprised: Mr. Ng Chee Keong, Mr. Leslie George Merszei and Mr. Robert Edward Bier. The Chairman of the Remuneration Committee was Mr. Ng Chee Keong. All of the aforesaid persons are no longer Directors of the Company.

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

Reference is made to the Directors of Mermaid that remained in office on 31 December 2015. As at 31 December 2015, none of the said Directors were participants of ESOP 2011.

*(f) Adjustments to ESOP 2010 and ESOP 2011*

In early October 2013, Mermaid completed a capitalization exercise in the form of a non-renounceable non-underwritten rights issue and private placement of 627,798,180 rights shares. Accordingly, the Company announced on 15 November 2013 the adjustments to the number of options granted under ESOP 2010 and ESOP 2011 and its exercise price.

This is made pursuant to the terms of ESOP 2010 and ESOP 2011 which allows for an adjustment to be made to the exercise price and/or number of Options granted in the event that there is any variation to the Company's issued capital, such as one arising from a rights issue. This is for the purpose of, among other things, the mitigation of the dilution effect on the Options already granted arising from such an exercise. ESOP 2010 and ESOP 2011 were revised as follows:

	<b>Options Outstanding</b>	<b>Original Exercise Price</b>	<b>Adjusted Options</b>	<b>Adjusted Exercise Price</b>
ESOP 2010	345,000	SGD 0.45	388,733	SGD 0.40
ESOP 2011	620,000	SGD 0.235	698,664	SGD 0.21

As at 15 November 2013, none of the participants of either scheme had exercised its Options as they were not yet due. The reduction in the number of exercisable Options remaining in each scheme was primarily due to cessation of employment or engagement of such participants thus reducing the number of participants remaining.



*(g) Status of ESOP 2010 and ESOP 2011*

On 1 December 2013, the Options granted under ESOP 2010 reached their third anniversary of the issue date and became exercisable by the participants pursuant to the principle terms of ESOP 2010.

On 15 December 2014, the Options granted under ESOP 2011 reached their third anniversary of the issue date and became exercisable by the participants pursuant to the principle terms of ESOP 2011.

As at 31 December 2015, a summary of the status of ESOP 2010 and ESOP 2011 is set out below:

	ESOP 2010	ESOP 2011
Total Options Remaining	Expired	236,643
No. of Participants Remaining	Expired	7
Exercise Price	Expired	SGD 0.20
Expiry Date	1 Dec 2015	15 Dec 2016

ESOP 2010 has expired. ESOP 2011 remains valid until 15 Dec 2016 beyond which it shall automatically expire. No new Options can be issued under ESOP 2011. The Company does not have any other ESOPs to date.

## 17. LAND, BUILDINGS AND KEY MOVABLE ASSETS

As at 31 December 2015, land and buildings owned by Mermaid were as follows:

No.	Description	Location	Calendar	In Million		Ownership
			Year	US Dollars	US Dollars	
			Purchase	Cost	Net Book	
			Year		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	4.67	1.70	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.

A valuation on the above land and buildings was conducted by First Star Consultant Co. Ltd. on 30 December 2015 who assessed the value of the land at (1) to be US Dollars 0.93 million, value of land at (2) to be US Dollars 1.06 million and value of buildings at (3) to be US Dollars 3.56 million.

As at 31 December 2015, 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		In Million US Dollars	
		Build Year	Purchase Year	Cost	Net Book Value
1.	Mermaid Commander	1987	2005	38.84	10.32
2.	Mermaid Challenger	2008	2008	19.83	4.50
3.	Mermaid Sapphire	2009	2009	34.41	26.63
4.	Mermaid Siam	2002	2010	32.25	2.50
5.	Mermaid Endurer	2010	2010	102.54	71.43
6.	Barakuda	1982	2010	1.02	0.07
7.	Mermaid Asiana	2010	2010	92.24	71.54
8.	MTR-1	1978	2005	16.45	1.00
9.	MTR-2	1981	2005	71.92	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 2015.

'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.'

In addition to the assets above, Mermaid's subsidiaries had on 9 January 2014 entered into separate construction contracts with China Merchants Industry Holdings Co., Ltd. to purchase two (2) 'Performance Class' tender assist drilling rigs, namely 'MTR-3' and 'MTR-4', and one (1) dive support and construction vessel, namely 'Mermaid Ausana'. As at 31 December 2015, these units remain under construction with deliveries scheduled for 2016.

The construction contracts give these Mermaid subsidiaries, namely MTR-3 (Singapore) Pte. Ltd., MTR-4 (Singapore) Pte. Ltd. and Mermaid Offshore Services Pte. Ltd., the contractual right to take delivery of these units, respectively, pursuant to the terms of each of their respective construction contracts.

## 18. EMPHASIS OF MATTER BY INDEPENDENT AUDITOR

Pursuant to Rule 704(5) of the Listing Manual of the SGX-ST, the Company had on 29 February 2016 announced that the independent auditor of the Company, KPMG, had included an emphasis of matter in the Independent Auditor's Report on the consolidated financial statements of the Company and its subsidiaries ("Group"), and on the separate financial statements of the Company, respectively, for the financial year ended 31 December 2015 ("FY2015 Financial Statements").

This is with respect to the Group's recorded impairment losses on property, plant and equipment and related supplies and spare parts including impairment loss on goodwill to the total of US Dollars 163 million and the Company's impairment loss on investments in subsidiaries of US Dollars 62 million, respectively, for the financial year ended 31 December 2015. The Independent Auditor's Report remains unqualified.

A copy of the Independent Auditor's Report, together with the relevant notes to the FY2015 Financial Statements, is contained in this Annual Report.

Shareholders are advised to read the Independent Auditor's Report and this Annual Report in their entirety and to read the announcement made by the Company on 29 February 2016 in conjunction with the Independent Auditor's Report and this Annual Report.

## 19. 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.

The Company has up to 30 April 2016 to procure the requisite Directors' and Executive Officers' undertaking based on the prescribed form. As at 29 February 2016, the Company has satisfied this requirement and shall provide a confirmation that it has procured the undertakings in its financial results announcements released after 30 April 2016.

## 20. 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 over the last six (6) months, the SGX-ST shall place the Company on the watch-list. The SGX-ST shall conduct its reviews for Minimum Trading Price ("MTP") compliance on a quarterly basis commencing 1 March 2016.

On 2 February 2016, the SGX-ST announced that the review of the MTP compliance will be extended to 1 September 2016 for companies which have experienced, for the first time, a dip in their VWAP below SGD 0.20 due to the extreme market volatility in January 2016.

Accordingly, on 15 February 2016, the SGX-ST notified the Company that it has until 1 September 2016 to comply with this MTP requirement. The first review of the Company's compliance with the MTP requirement has therefore been extended to 1 September 2016.

In the case that the Company's prior six (6) month VWAP is below SGD 0.20 at 1 September 2016 or in subsequent quarterly reviews, the Company will be placed on the watch-list for at least six (6) months. Once on the watch-list, the Company has up to three (3) years to exit the watch-list by meeting the MTP requirement or be de-listed.

As at 29 February 2016, the Company is evaluating its options to comply with the MTP requirement and shall announce the Company's plans in due course.

# GLOBAL PRESENCE



**32**  
years since Mermaid  
Maritime's  
establishment



**1000+**  
skilled divers, crew,  
technicians, support  
service providers & management



**12**  
subsea vessels\*



## Thailand

- Bangkok
- Chonburi



## Saudi Arabia

- Al Khobar
- Tanajib



## Qatar

- Doha
- Ai Khor



## Nigeria

- Lekki

\* Includes 1 subsea vessel under construction and 5 subsea vessels on chartered-in  
\*\* Includes 2 tender rigs under construction  
\*\*\* 33.76% ownership through Asia Offshore Drilling Limited



**6 + 17**  
saturation and  
air diving systems



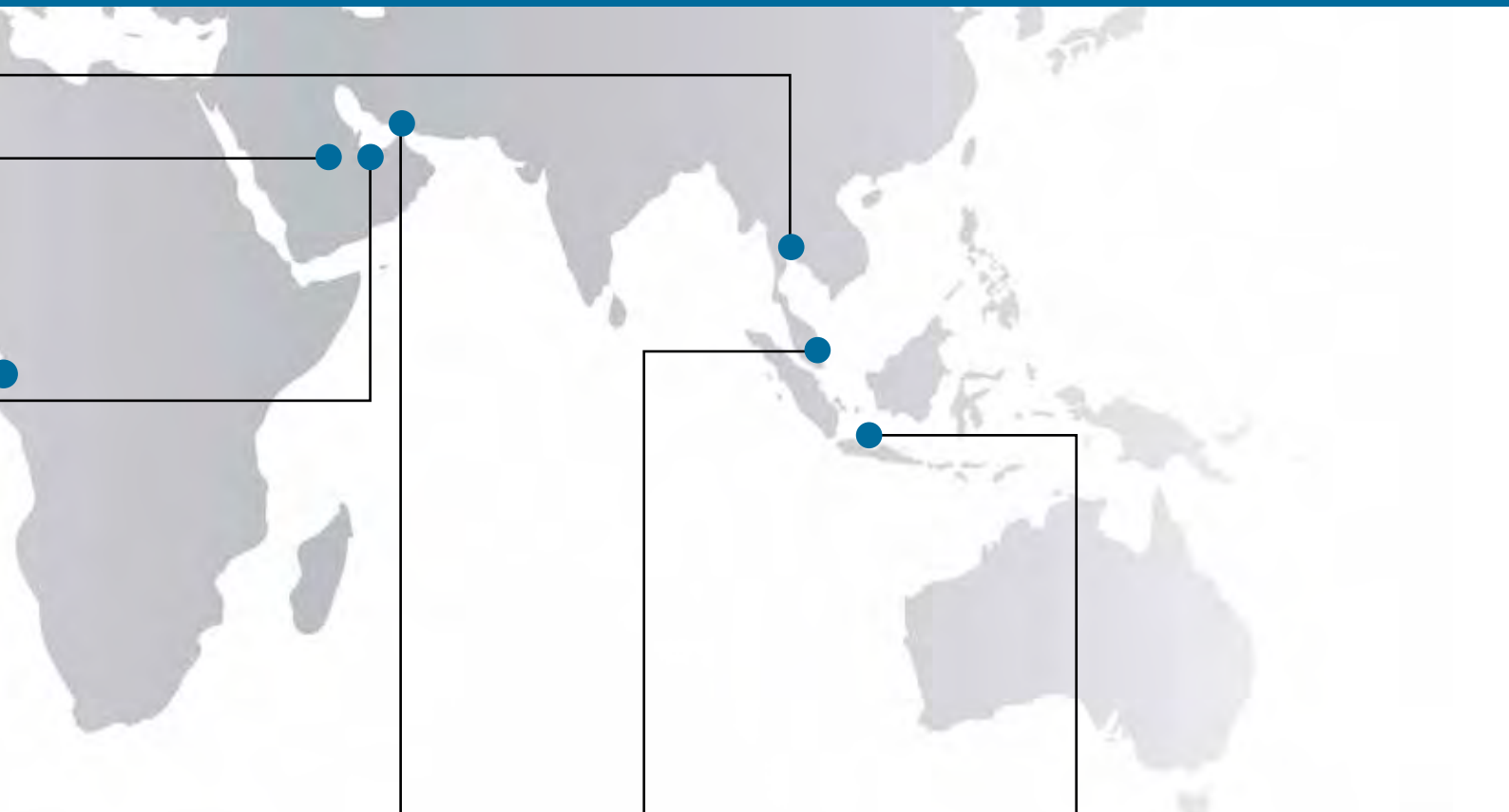
**15**  
remotely  
operated vehicles



**4**  
tender rigs\*\*



**3**  
high-spec  
jack-ups\*\*\*



**United Arab Emirates**

- Abu Dhabi Freeport



**Singapore**

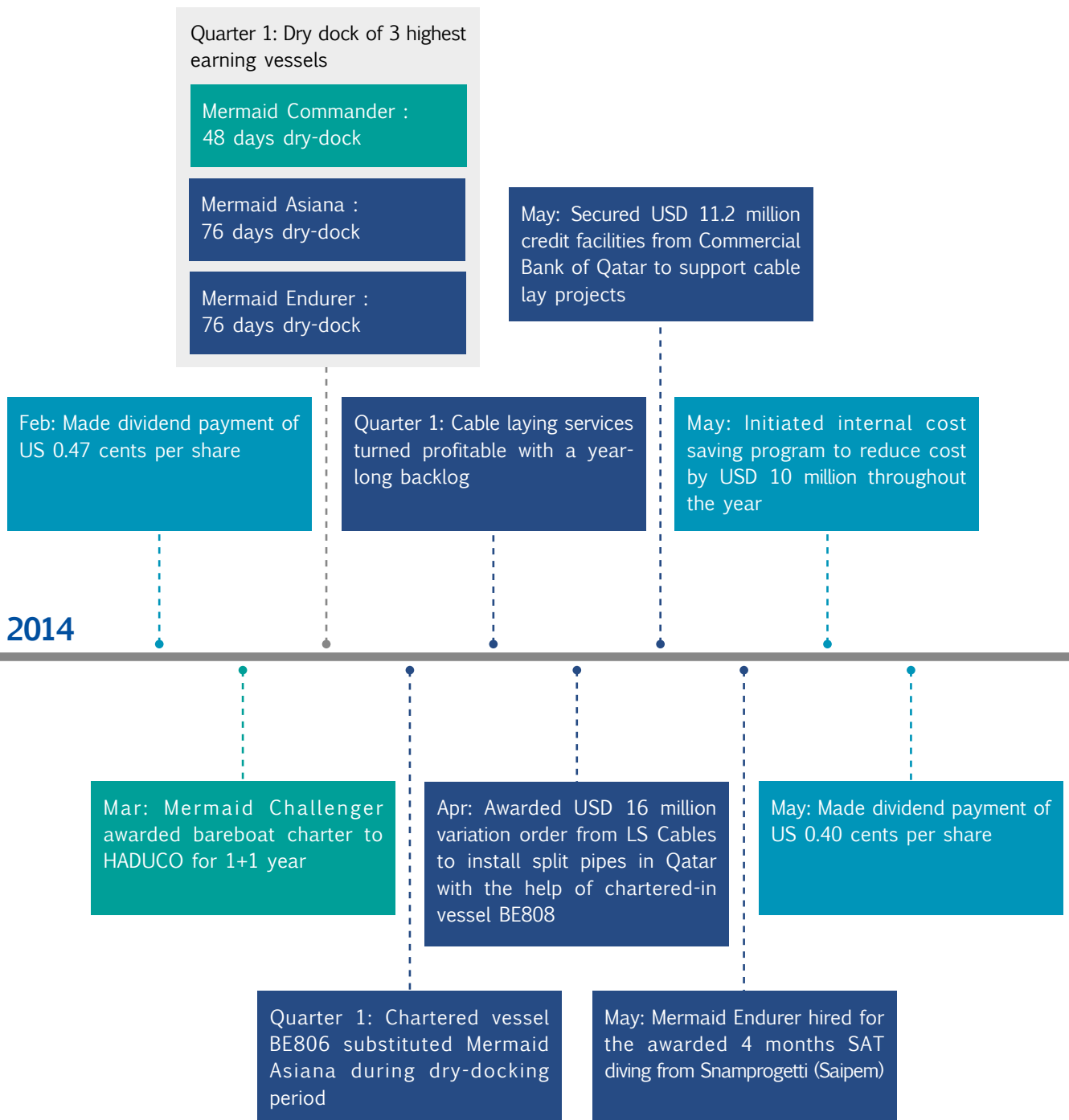
- Changi

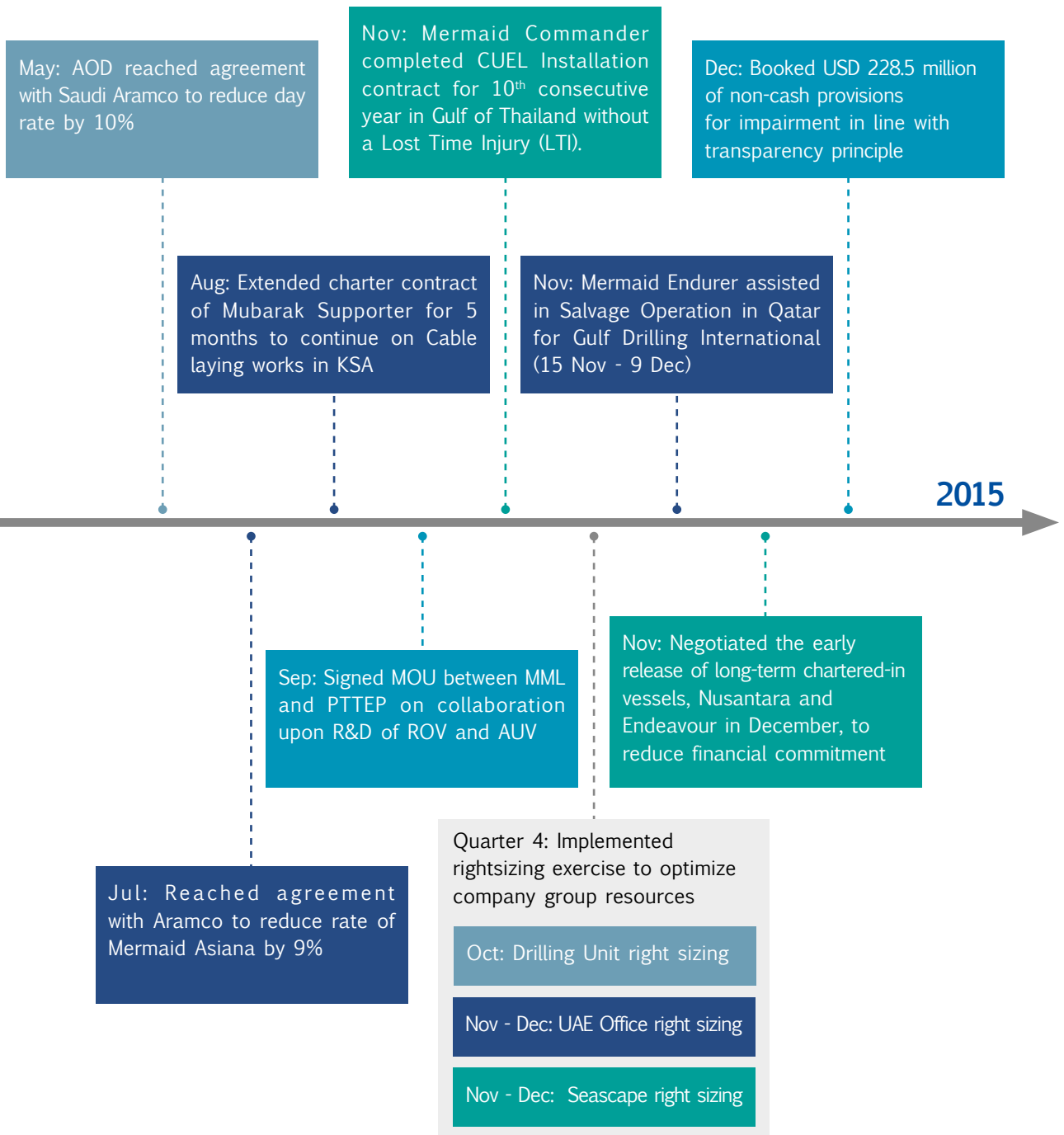


**Indonesia**

- Jakarta

# KEY DEVELOPMENTS



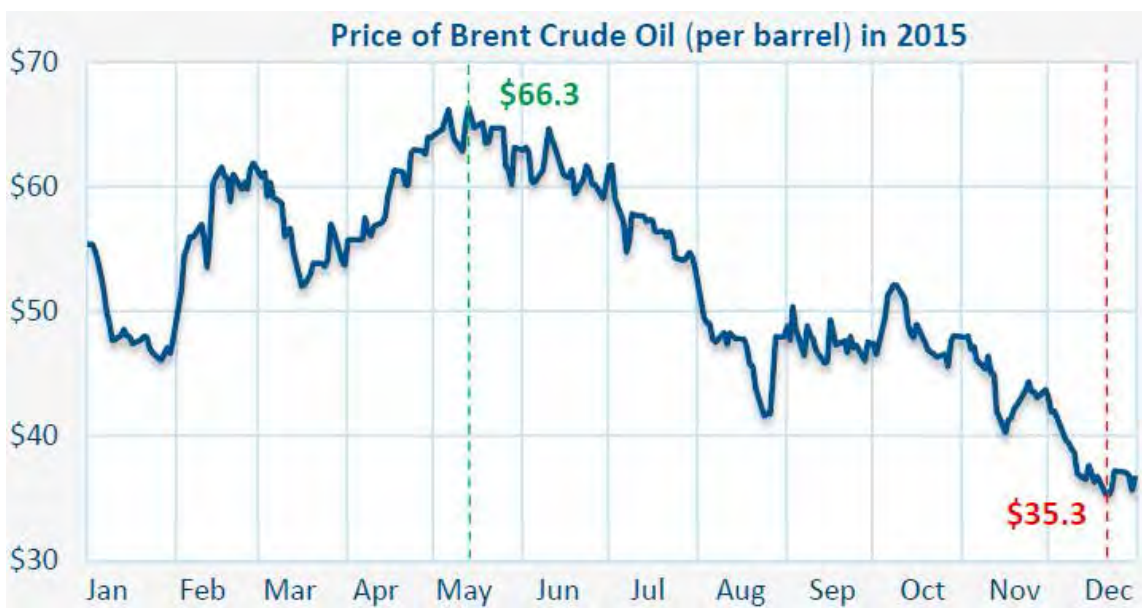


# INDUSTRY OVERVIEW

## 1. SUMMARY OVERVIEW – 2015 AT A GLANCE

2015 has been a challenging year for all offshore industry segments with the continuous decline in oil prices since October 2014, Brent crude dipping from more than US Dollars 100 per barrel to its lowest since 2003, at US Dollars 27.67 per barrel. The reason is the conjunction of oversupply and lack of demand as well as several other factors which in turn snowballed the situation to what it is today. China's economic slowdown has curbed appetite for commodities in general, while Saudi Arabia, which produces a third of the Organization of Petroleum Exporting Countries ("OPEC") output, is keener on preserving its market shares than it is on cutting production to boost prices. At the same time, the rise of the US as a shale oil producer means they now import less oil, adding to the glut on world markets.

Considering the offshore sector's growth for the past decade, as well as the staunch stance it had maintained during previous tough years, the speed of this downfall had been widely unanticipated. Throughout 2015, the offshore market was characterized by growing oversupply, diminishing vessel demand, making the market become more challenging than ever.

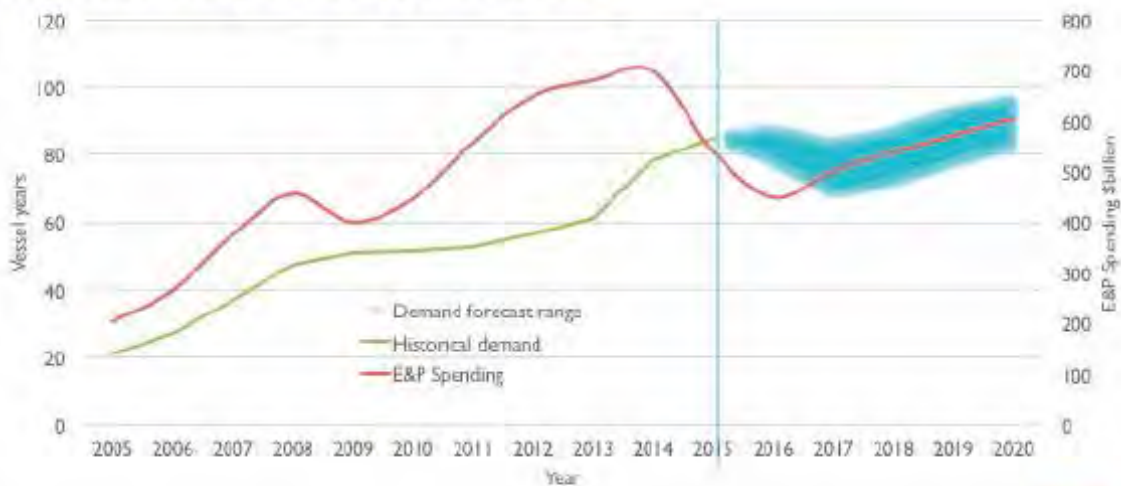




## 2. EXPLORATION AND PRODUCTION IN 2016

Oil companies have reacted to the weaker prices by cutting Exploration and Production (“E&P”) spending by 19% on average and financial investments in offshore development projects is estimated down by around 49%. It is expected that in 2016, E&P activities will continue to witness further slowdown by dropping another estimated 11% with more companies cutting budgets and laying off staff, marking the first consecutive annual decline since the mid-1980s. Total offshore well spending could fall to an estimated US Dollars 72.3 billion in 2016.

### Global demand range and E&P spending

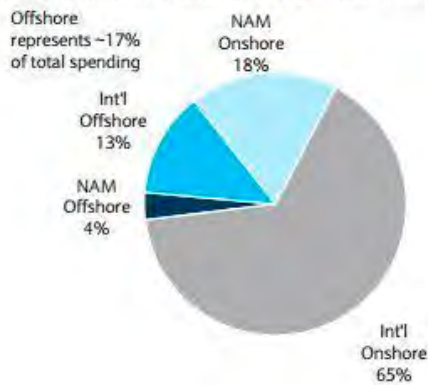


The Subsea Market to 2020

Strategic Offshore Research © 2016



### Global Upstream Spending by Region (2016 E&P Spending)



Source: IHS Petrodata, Barclays Research

### Estimated Offshore Upstream Spending by Region

Region	Total Offshore Well Spend (\$bn)			% Change	
	2014	2015E	2016E	14 vs 15	15 vs 16
Africa	19.1	15.5	12.2	-19%	-21%
Europe	17.8	15.4	11.5	-13%	-25%
India, Asia & Australia	21.2	16.1	7.3	-24%	-55%
Latin America	22.7	19.1	17.0	-16%	-11%
Middle East	10.0	9.6	7.8	-4%	-19%
North America	18.8	17.2	15.0	-9%	-12%
Russia/FSU	0.8	0.0	1.5	-100%	0%
<b>Total</b>	<b>110.4</b>	<b>92.9</b>	<b>72.3</b>	<b>-16%</b>	<b>-22%</b>

Source: IHS Petrodata, Barclays Research

## 3. SUBSEA SERVICES INDUSTRY

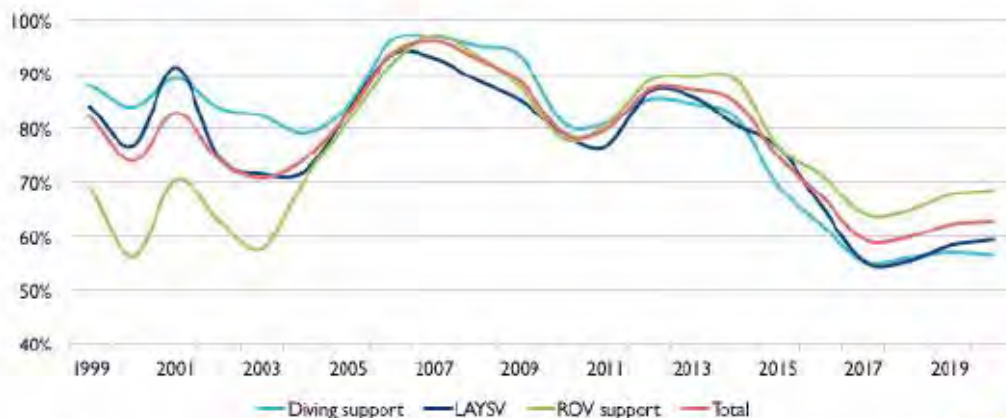
### 3.1 THE SUBSEA MARKET

At the end of 2015, numerous subsea maintenance contracts were put up for renegotiation. During the year, both utilization and rates dropped in broad-spectrum.

Subsea-based projects represent about one-third of the installation market, the rest being primarily shallow water surface completed ones. Overall, the contractors did not replace more than one-fifth of their backlog. Phasing out a few older units impacted the contractors' operations, but it did not fully compensate for a historically weak demand. In an attempt to mitigate, leading EPC contractors laid-up or terminated their sub-contracted vessels and services which further depressed the light construction and IRM markets.

The industry anticipates that the demand for subsea services will further tumble down in 2016. Overall utilization rates are expected to get lower. On the other hand, one foresees an increase of the oil price in 2017. The very low rates combined with such increase should refresh the demand for maintenance and underwater services in the shallow water segment (less than 300m within diving reach) such as the Middle East, South East Asia, West Africa and the Mexico region.

#### global vessel net utilisation



The Subsea Market to 2020

Strategic Offshore Research © 2016



### 3.2 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. As such, the subject of Multi Purpose Offshore Support Vessels covers a very broad spectrum of vessel types and vessel operations and it is therefore very difficult to provide a definitive overview. The term Offshore Support Vessel can include many vessel types and it is unusual for one single vessel to only fulfill one particular function, therefore one vessel, can perform diving, ROV, survey and construction support operations.

Dive Support Vessels 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 Vessel 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.

## 4. DRILLING SERVICES INDUSTRY

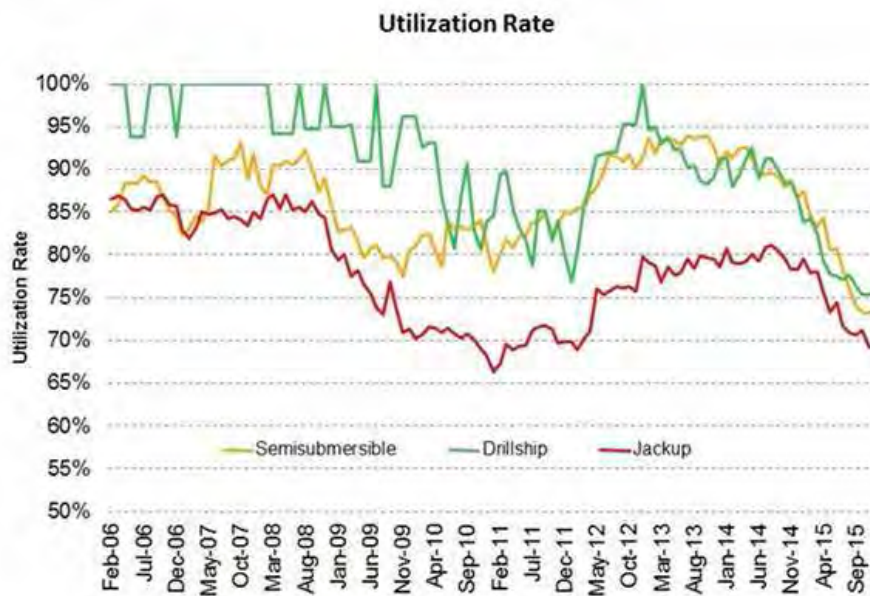
### 4.1 THE OFFSHORE DRILLING MARKET

Currently, around 500 units are stacked throughout the globe, representing about 17% of the entire fleet. The statistics of the Jack-up and Floater fleet are equally concerning with a 50% utilization and more than 200 units sitting idle, with rig day rates having plummeted as a function of the significant oversupply. About 100 of all 130 Jack-ups on order are said to have no contract secured so far. Many drilling contractors have entered into agreements with shipyards to extend rig delivery for several months or years. More than 25 contracts have already been delayed or terminated. Most of the contracts that were rescinded dealt with the construction of deepwater rigs. A total of 146 new drilling units are supposed to enter the market in the next 12 months.

The oversupply in the market was exacerbated by the lackluster tendering activity. IOCs delayed or cancelled most of the major exploration and development drilling projects that became uneconomical at current oil prices. In 2015, only one deep water drilling contract was awarded by Exxon Ghana to Stena Drilling at a reported rate below US Dollars 250 thousand per day, compared with early 2014 average fixing at US Dollars 500-600 thousand per day. In Brazil, the Petrobras fleet of chartered rigs reduced from 72 drilling rigs in 2014 to 55 in 2015, with numbers still declining.

Oil majors were keen to enter contract renegotiations and heavily discounted prices were required in order to keep already-awarded contracts, changing what used to be assumptions on existing employments. There was no work on delivery for supply that was entering the market during the year. Several owners managed to terminate some of their rig building contracts, and/or delay some deliveries until 2018/2019.

Recycling and retirement were in the spotlight in 2015. Over 35 units were sent to scrapyards, reducing the number of active units in the market. Although this is a very important step in the right direction, many argue much more is needed to complete the fleet renewal process started by the newbuilding wave. Turkey, India and China are at the center of the recycling industry, with determination from the drillers to conduct the retirement of their assets in a sound and environmentally safe fashion.



Market Realist<sup>Q</sup>

Source: Riggzone

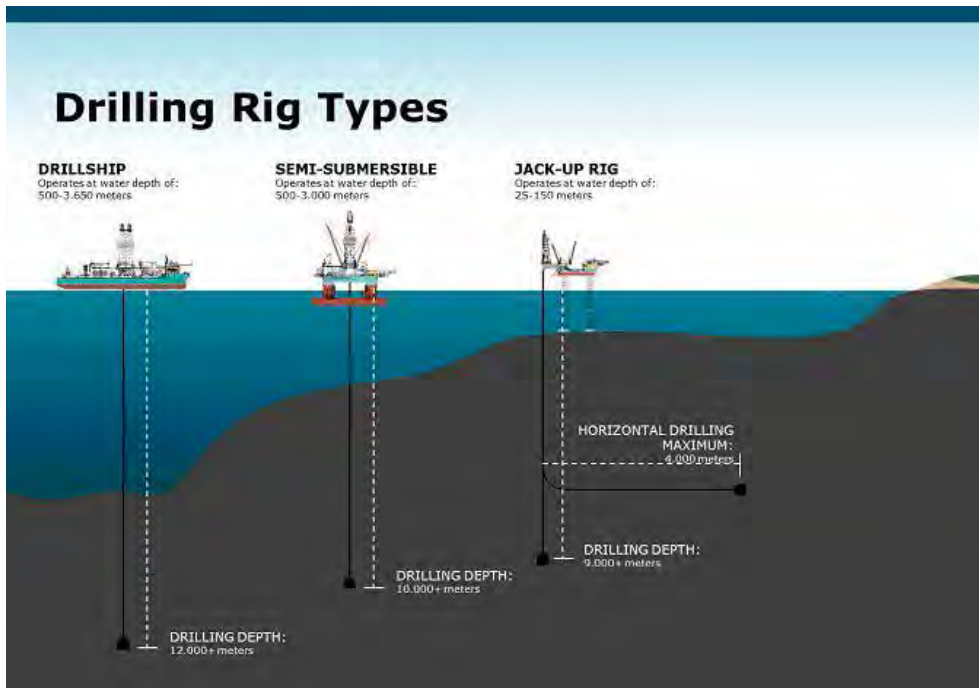
**MODU (Mobile Offshore Drilling Unit) breakdown by type and year of delivery**

	Jackup	DrillShip	Semi-sub
2015	29	11	4
2016	114	13	19
2017	20	13	4
2018	1	10	1

Source: AXSMarine

## 4.2 TYPES OF DRILLING UNITS

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



### *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 12,000 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.

### 4.3 TENDER DRILLING RIG MARKET

There are approximately 40 tender rigs in the world and of these units, only about half are under contract. There are less than 5 tender rigs currently under construction. The majority of the units are operated in Southeast Asia given the benign shallow water environment which is more favorable for such tender rig units. The majority of the active fleet is controlled by three companies.

The demand for tender assisted drilling should continue to fall all throughout 2016 and 2017. Those owning modern units will probably be the only ones with access to employment. Whilst on the other hand, BRS Group, a ship broker, has seen some contractors of elder units are increasingly leaning towards recycling of their older assets for scrap.

### 4.3 JACK-UP DRILLING RIG MARKET

There are currently about 130 reported Jack-ups on order, which would put the total number of units over 600 worldwide. While very few were scrapped, many were cold stacked, and of these, BRS Group anticipates older tonnage to remain in retirement in any future upcycle. Regarding deliveries, about 80 units are expected for 2016; where recent trends have seen owners doing their best to delay (or even refuse) the delivery.

Due to the slowdown of all the oil and gas projects, utilization rates of Jack-ups are tumbling. Depending on the area, utilization rates are more or less around 50% (40% for West Africa regions / 50% for Asia) and less than 10% of the Jack-ups fleet has a firm contract for 2016. Regarding West Africa and North America, BRS Group is expecting the market to remain quite flat and 2016 will be a very competitive market all across the world. In Latin America, there are some expectations for 2016 with some projects in the pipeline (from Oro Negro for example) and expecting a certain comeback from Mexico but nothing really confirmed yet. India has also been a rare active tendering market with ONGC pursuing requirements with very low daily rates. Following the current market situation, it is expected that more rigs will become available in 2016/2017.

## 5. MERMAID'S INDUSTRY POSITIONING

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

### *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, new established cable laying and subsea engineering player*

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

### *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 secured an order book of US Dollars 255.5 million as at 31 December 2015, mostly for subsea services, with more near term contract wins expected. This contract backlog is expected to provide a backbone of revenue in 2016 with room for additional upside.

Mermaid's investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs is expected to stabilize in 2016 and there is a reasonable likelihood that these rigs may have their contracts extended beyond 2016 given their operational efficiency and customized modifications to suit customer field requirements.

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.

# MANAGEMENT DISCUSSION & ANALYSIS

This discussion and analysis of Mermaid Maritime Public Company Limited (the “Company” or “Mermaid”) and its subsidiaries’ (collectively the “Group”) operating results 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 Utilization:** Fleet Utilization is calculated by dividing the number of operating days by the number of available days. Fleet Utilization measures the efficiency in finding suitable employment for the vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, special surveys, or positioning.
- **Dry-docking:** Each of the vessels and drilling rigs must be cyclically dry-docked for inspection, repairs and maintenance, and any modifications to 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 capitalized and amortized 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 2015 financial numbers, the exchange rate of Baht 36.0886 and Baht 34.2477 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. 2014 and 2015) shall mean the financial years of the Group ending 31 December.

## SUBSEA SERVICES

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

## 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 the Subsea IRM and survey works.

**TABLE 1: CALENDAR-VESSEL-DAYS FOR OFFSHORE SERVICE VESSELS**

Unit: Days

Calendar-Vessel-Days	FY2015 (Jan - Dec)		CY2014 (Jan - Dec)	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	2,555	0.00%	2,555	-11.87%
Chartered-in Vessels	1,095	50.00%	730	119.56%
Total	3,650	11.11%	3,285	2.1%

Calendar days of owned vessel were maintained at 2,555 days as there was no new acquisition / disposal during the year. The overall calendar days, however, increased 365 days or 11.11% mainly due to the chartered-in vessel, “Nusantara” (ex. Windermere), initially hired for a 5-year contract (24 October 2014 – 23 October 2019).

**TABLE 2: FLEET UTILIZATION FOR OFFSHORE SERVICE VESSELS**

Unit: Days

Item	FY2015 (Jan - Dec)		CY2014 (Jan - Dec)	
	No. of Days	% Change	No. of Days	% Change
Calendar-Vessel-Days	3,650	11.11%	3,285	7.83%
Planned Off-Hire Days	234	67.14%	140	-36.79%
Available Days	3,416	8.62%	3,145	10.68%
Operating Days	2,222	9.35%	2,032	-0.38%
Fleet Utilization	65.05%	0.44%	64.61%	-9.99%

**Service Revenues:** Service revenues decreased 14.0% from US Dollars 262.1 million in 2014 to US Dollars 225.2 million in 2015. The decrease was mainly driven by lower average day rate from US Dollars 96.6 thousand in 2014 to US Dollars 76.7 thousand in 2015. Average fleet utilization rate edged up by 0.44% from 64.61% in 2014 to 65.05% in 2015.

**Costs of Services:** Recorded at US Dollars 206.6 million, costs of services, mainly consisting of service expenses and depreciation, slightly decreased by 0.4% in 2015 compared to US Dollars 207.5 million in 2014.

**Service Expenses:** Service expenses decreased 2.0% from US Dollars 185.9 million or equivalent US Dollars 56,614 per Calendar-vessel-day in 2014 to US Dollars 182.3 million or equivalent US Dollars 49,939 per Calendar-vessel-day in 2015. Service expenses as percentage of revenue increased from 70.95% to 80.93% mainly due to cost of chartered-in vessel, Windermere. Excluding Windermere, service expenses as percentage of revenue would have been 72.64%.



**Depreciation:** Depreciation expenses moved up from US Dollars 21.6 million in 2014 to US Dollars 24.3 million in 2015 representing a 13.0% increase mainly due to higher dry-dock amortization.

## 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 2015 with a comparison to same period of the year 2014.

**TABLE 3: PROJECT WORKS FOR CABLE LAYING AND ENGINEERING SERVICES**

Item	FY2015 (Jan - Dec)		CY2014 (Jan - Dec)	
	Amount	% Change	Amount	% Change
No. of Project	6	50.00%	4	n/a
Average Project Value (in million US Dollar)	16.7	57.55%	10.6	n/a
Average Working Days	115	32.18%	87	n/a

**Service Revenues:** Revenues increased by 162% from US Dollars 42.4 million in CY2014 (Jan-Dec) to US Dollars 111.3 million. The growth was mainly driven by increases in both numbers of awarded projects and increasing size of project as the Company has now become an established Cable Lay player in the Middle East.

**Costs of Services:** Recorded at US Dollars 88.7 million, costs of services increased by 91% compared to the previous year for the same period. The increase primarily stemmed from more project works. The increase was nevertheless smaller than the revenue growth which translated into higher and positive contribution due to economy of scale and operational efficiency.

## 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**

Calendar-Rig-Days	FY2015 (Jan - Dec)		CY2014 (Jan - Dec)	
	No. of Days	% Change	No. of Days	% Change
Owned Rigs	730	0.00%	730	0.00%
Chartered-in Rigs	-	-	-	-
Total	730	0.00%	730	0.00%

Unit: Days

TABLE 5: FLEET UTILIZATION FOR DRILLING RIGS

Unit: Days

Item	FY2015 (Jan - Dec)		CY2014 (Jan - Dec)	
	No. of Days	% Change	No. of Days	% Change
Calendar-Rig-Days	730	0.00%	730	0.00%
Planned Off-Hire Days	-	n/a	-	n/a
Available Days	730	0.00%	730	26.08%
Unplanned Off-Hire Days	-	n/a	-	n/a
Operating Days	-	-100.00%	348	-18.70%
Fleet Utilization	0.00%	-100.00%	47.67%	-35.53%

**Service Revenues:** Drilling group reported service income in FY2015 of US Dollars 53.6 thousand, a decrease of US Dollars 23.5 million, or -99.9%, compared to FY2014. MTR-2's last contract was terminated in December 2014. The rig has been cold stacked since the beginning of the year 2015. Utilization rate went down to 0.0%.

**Cost of Services:** Cost of services consisting of service expenses and depreciation was down from US Dollars 20.4 million in 2014 to US Dollars 8.2 million in 2015 representing a 59.8% decrease.

**Service Expenses:** US Dollars 1.1 million was reported as service expenses incurred in 2015 marking a 91.7% decreasing compared to US Dollars 13.3 million in 2014. The decrease was mainly due to the fact that MTR-2 has been put into cold-stacking during the year.

**Depreciation:** Depreciation remained the same at US Dollars 7.1 million in 2015.

## OTHER OPERATING RESULTS

**General and administrative expenses:** In 2015, General and administrative expenses were US Dollars 49.0 million. Administrative expenses as percentage of revenue increased from 11.9% in 2014 to 14.5% in 2015.

**Finance costs:** The costs of finance were recorded at US Dollars 3.4 million, a decrease of US Dollars 0.2 million, or 7.3% compared to 2014 due to repayment of principal amount US Dollars 13.4 million during the year.

**Interest income:** Interest income decreased by 45.49% from US Dollars 0.4 million in 2014 to US Dollars 0.2 million in 2015.

**Foreign exchange gains (losses):** Changes in foreign exchange rates resulted in US Dollars 1.7 million gain compared to US Dollars 0.8 million gain in 2014.

**Other income:** Other revenues were maintained at US Dollars 0.2 million in 2015.

**Share of profits of investment in associates:** Excluding impairment and extraordinary items, share of profits from investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs would have been US Dollars 19.8 million, a decrease of 35.71% compared to the same period of the previous year. The main reason was due to the day rate reduction. Extraordinary items include US Dollars 65 million impairment loss and US Dollars 5.7 million loss on previous year equity dilution. Nonetheless, all three jack-up rigs operated steadily and achieved high utilization rate of 98%, 96% and 100% for AOD-I, AOD-II, and AOD-III respectively.

**Share of profits of investment in joint venture:** Share of profits of investment in joint venture increased from US Dollars 0.2 million to US Dollars 0.6 million.

**Impairment provisions:** In line with accounting standards, the group recorded a total of US Dollars 163.3 million non-cash provisions for impairment on assets. This number excludes the share of loss on impairment of AOD investment.

**Income taxes:** Income tax expenses incurred were US Dollars 0.5 million, representing a decrease from US Dollars 5.4 million in 2014.

Based on the factors illustrated above, the Group reported net loss of US Dollars 231.3 million in 2015. Excluding impairment provisions and extraordinary items, the Group would have shown a net profit of US Dollars 2.8 million.

## LIQUIDITY AND CAPITAL RESOURCES

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

**TABLE 6: TOTAL CAPITALIZATION**

Unit: In Thousand US Dollar

Item	As at 31 December	
	2015	2014
<b>Cash and cash equivalents</b>	63,260	93,409
<b>Debt</b>		
Bank overdrafts	-	-
Short-term debt	3,613	-
Current portion, long-term debt (including finance leases)	103,794	8,925
Long-term debt (including finance leases)	17	103,788
<b>Total Debt</b>	<b>107,424</b>	<b>112,713</b>
<b>Shareholders' Equity</b>		
Ordinary shares, Baht 1 par value		
1,413.33 million shares (2014: 1,413.33 million shares) issued and fully paid-up	47,322	47,322
Additional paid-in capital	422,563	422,563
Retained earnings	(146,528)	94,781
Others	(2,318)	1,268
<b>Total Shareholders' Equity</b>	<b>321,039</b>	<b>565,934</b>
<b>Total Capitalization</b>	<b>428,463</b>	<b>678,647</b>
<b>Total Debt to Total Capitalisation</b>	<b>0.25</b>	<b>0.17</b>

As at 31 December 2015, the Group's total cash and cash equivalents equaled US Dollars 63.3 million, a decrease of US Dollars 30.1 million from US Dollars 93.4 million as at 31 December 2014.

In FY2015, the Company generated net cash from operating activities of US Dollars 6.3 million compared to US Dollars 33.9 million in CY2014. Before changes in working capital as well as tax and financial costs, the Company generated US Dollars 34.4 million, compared to US Dollars 51.8 million for CY2014.

The Company used net cash in investment activities of US Dollars 19.6 million, primarily for the purchase of various equipments and payments for mandatory dry docking of vessels of US Dollars 24.9 million. In addition, there were payments for purchases of intangible assets of US Dollars 0.2 million and for investment in subsidiaries of US Dollars 1.7 million. The Company also received a dividend from Asia Offshore Drilling Limited (AOD) of US Dollars 6.8 million.

The Company used net cash for financing activities of US Dollars 17.7 million primarily for loan repayment of US Dollars 13.4 million and dividend payment during the period of US Dollars 12.3 million. The Company recorded proceeds from short-term loans of US Dollars 8.0 million.

As of 31 December 2015, the Company has a total debt including financial lease of US Dollars 107.4 million, comprising of loans of US Dollars 107,383 thousand and financial lease of US Dollars 41 thousand. In comparison, as of 31 December 2014, the Company had a total debt including financial lease of US Dollars 112.7 million, comprising of loans of US Dollars 112,660 thousand and financial lease of US Dollars 53 thousand. Outstanding loans were obtained mainly for acquisitions of vessels, rigs, and equipment.

## CAPITAL EXPENDITURES

The major capital expenditures in 2015 were for mandatory dry-docking of vessels and new equipment purchases totaling of US Dollars 23.2 million.

## QUALITATIVE AND QUANTITATIVE MARKET RISK

### *Foreign Currency Fluctuation Risk*

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

### *Interest Rate Risk*

The Group is subject to market risks associated with changes in US Dollars interest rates, because almost of the Group's loans are denominated in US Dollars and set against LIBOR, those 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

2015 was a challenging year for Mermaid Maritime Public Company Limited and its subsidiaries (“Mermaid Group” or “the Group”). Falling oil prices and declining day rates in the offshore industry present uncertainties, which reinforce the importance of risk management for the Group.

Mermaid Group has a sound risk management framework to identify, assess and mitigate risks appropriately such that the Group may continue to achieve its corporate vision and mission.

## ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

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.

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 Enterprise Risk Management (“ERM”) framework provides the Group with a holistic and systematic approach in risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as Group policies and limits, in addressing the key risks in the Group.

## 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 and reputational aspects. Tools such as risk rating matrix and risk register 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 Corporate 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, we take a balanced approach to risk management. We recognise that not all risks can be eliminated, especially in instances where the cost of minimising these risks outweighs the potential benefits. To 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.

### *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.

Investment risk assessment encompasses rigorous due diligence, feasibility studies and sensitivity analyses of key investment assumptions and variables. Some of the key risks considered pertain to whether the proposed investment is aligned to strategy, the financial viability of the business model, political and regulatory developments in the country of investment and the contractual risk implications to the Group.

On a regular basis, we monitor changes in concentration exposures associated with investments in the countries where the Group operates. Close monitoring of the changes in the business, economic, political, regulatory and competitive landscape gives the management better insights into impending developments.

### *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.

Mermaid 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.

### *Operational Risks*

The effectiveness and efficiency of our employees, integrity of internal controls, systems and processes, as well as external events are areas of risks associated to the Group's operations.

Integrating risk management processes with business operations and project execution across all business units facilitates early risk detection and proactive management of these risks. Formalised guidelines, procedures, internal training and tools are used to provide guidance in assessing, mitigating and monitoring risks. Knowledge-sharing platforms are also advocated to propagate good practices and lessons learnt from various projects and operations.

Many of projects are spread over an extended period of time. The Group adopt a standardised risk assessment and monitoring process, to help manage the spectrum of key risks throughout the project stages.

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, 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.

### *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 the 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.

### *Compliance Risks*

Globally, there is 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.

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

## ENHANCING RISK-CULTURE

Effective risk management hinges equally on mindsets and attitudes, 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.

Throughout the year, Mermaid's Risk Management Team conducts ERM introduction training and risk management workshops for key operating units in Thailand and overseas. These workshops served as good platforms for the promulgation of risk management process and in reinforcing ERM efforts throughout the Group.

## PROACTIVE RISK MANAGEMENT

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.



MERMAID MARITIME PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2015

AND INDEPENDENT AUDITOR'S REPORT



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## Independent Auditor's Report

### To the Shareholders of Mermaid Maritime Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Mermaid Maritime Public Company Limited and its subsidiaries (the "Group") and of Mermaid Maritime Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

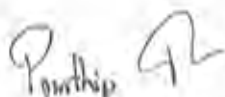
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 and their financial performance and cash flows for the year ended 31 December 2015 in accordance with Thai Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying my opinion, I draw attention to Note 15 to the consolidated and separate financial statements. The Group and the Company has recorded impairment charges of US Dollar 163 million and US Dollar 62 million, respectively, for the year ended 31 December 2015.



(Pornthip Rimdusit)  
Certified Public Accountant  
Registration No. 5565

KPMG Phoomchai Audit Ltd.  
Bangkok  
29 February 2016

## STATEMENT OF FINANCIAL POSITION

### MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements					
Assets	Note	31 December		31 December	
		2015	2014	2015	2014
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current assets</b>					
Cash and cash equivalents	6	57,411	89,408	2,071,883	2,947,156
Trade accounts receivable	5,7	114,785	110,779	4,142,430	3,651,608
Other receivables	8	13,825	17,292	498,925	569,996
Receivables from related parties	5	3	4	108	132
Deferred contract costs	9	3,734	5,772	134,755	190,262
Supplies and spare parts		2,519	5,578	90,907	183,868
Dividend receivable	5	6,752	-	243,670	-
<b>Total current assets</b>		<b>199,029</b>	<b>228,833</b>	<b>7,182,678</b>	<b>7,543,022</b>
<b>Non-current assets</b>					
Restricted deposit at financial institution	10	5,849	4,001	211,082	131,885
Investments in associates and joint venture	11	74,797	138,663	2,699,319	4,570,749
Investment properties	13	699	-	25,226	-
Property, plant and equipment	14	214,262	378,262	7,732,416	12,468,650
Goodwill	15	2,066	10,136	74,559	334,113
Intangible assets	16	301	353	10,863	11,636
Deferred tax assets	17	2,507	2,546	90,474	83,924
Other non-current assets		295	558	10,646	18,393
<b>Total non-current assets</b>		<b>300,776</b>	<b>534,519</b>	<b>10,854,585</b>	<b>17,619,350</b>
<b>Total assets</b>		<b>499,805</b>	<b>763,352</b>	<b>18,037,263</b>	<b>25,162,372</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	
		2015	2014	2015	2014
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>					
Short-term loans from financial institution	18	3,613	-	130,388	-
Trade accounts payable		12,073	29,074	435,698	958,366
Other payables	5,19	52,693	45,557	1,901,616	1,501,695
Current portion of long-term loans					
from financial institutions	18	103,770	8,890	3,744,914	293,041
Current portion of finance lease liabilities	18	24	35	866	1,154
Share purchase consideration payable	4	-	1,739	-	57,323
Income tax payable		754	2,140	27,211	70,541
<b>Total current liabilities</b>		<b>172,927</b>	<b>87,435</b>	<b>6,240,693</b>	<b>2,882,120</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	18	-	103,770	-	3,420,571
Finance lease liabilities	18	17	18	614	593
Deferred tax liabilities	17	2,825	3,296	101,950	108,646
Employee benefit obligations	20	2,997	2,899	108,158	95,560
<b>Total non-current liabilities</b>		<b>5,839</b>	<b>109,983</b>	<b>210,722</b>	<b>3,625,370</b>
<b>Total liabilities</b>		<b>178,766</b>	<b>197,418</b>	<b>6,451,415</b>	<b>6,507,490</b>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION****MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

		<b>Consolidated financial statements</b>			
		31 December		31 December	
<b>Liabilities and equity</b>	<i>Note</i>	2015	2014	2015	2014
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Equity</b>					
Share capital	21				
Authorised share capital		-	-	1,416,701	1,416,701
Issued and paid-up share capital		47,322	47,322	1,413,329	1,413,329
Premium on share capital	21	422,563	422,563	13,558,613	13,558,613
Retained earnings (Deficit)					
Appropriated	22	4,503	4,503	141,670	141,670
Unappropriated (Deficit)		(151,031)	90,278	(5,558,241)	2,940,066
Other components of equity		(1,790)	(501)	2,052,530	541,712
<b>Equity attributable to owners of the Company</b>		<b>321,567</b>	<b>564,165</b>	<b>11,607,901</b>	<b>18,595,390</b>
Non-controlling interests		(528)	1,769	(22,053)	59,492
<b>Total equity</b>		<b>321,039</b>	<b>565,934</b>	<b>11,585,848</b>	<b>18,654,882</b>
<b>Total liabilities and equity</b>		<b>499,805</b>	<b>763,352</b>	<b>18,037,263</b>	<b>25,162,372</b>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION****MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

<b>Assets</b>	<i>Note</i>	<b>Separate financial statements</b>			
		31 December		31 December	
		2015	2014	2015	2014
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Current assets</i></b>					
Cash and cash equivalents	6	22,990	58,232	829,677	1,919,501
Other receivables	8	118	171	4,258	5,637
Receivables from related parties	5	133,115	125,043	4,803,934	4,121,793
Short-term loans to related parties	5	130,008	136,507	4,691,807	4,499,680
Dividend receivable	5	9,600	9,600	346,451	316,445
<b>Total current assets</b>		<b>295,831</b>	<b>329,553</b>	<b>10,676,127</b>	<b>10,863,056</b>
<b><i>Non-current assets</i></b>					
Investments in joint venture	11	213	213	7,687	7,021
Investments in subsidiaries	12	122,177	184,273	4,409,197	6,074,191
Investment properties	13	2,481	-	89,536	-
Property, plant and equipment	14	205	3,071	7,398	101,229
Intangible assets	16	73	97	2,634	3,197
Deferred tax assets	17	26	25	938	824
Other non-current assets		37	37	1,335	1,220
<b>Total non-current assets</b>		<b>125,212</b>	<b>187,716</b>	<b>4,518,725</b>	<b>6,187,682</b>
<b>Total assets</b>		<b>421,043</b>	<b>517,269</b>	<b>15,194,852</b>	<b>17,050,738</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	
		2015	2014	2015	2014
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>					
Other payables	5,19	36,630	36,931	1,321,925	1,217,358
Income tax payable		754	1,068	27,211	35,204
<b>Total current liabilities</b>		<b>37,384</b>	<b>37,999</b>	<b>1,349,136</b>	<b>1,252,562</b>
<b>Non-current liabilities</b>					
Employee benefit obligations	20	103	131	3,717	4,318
<b>Total non-current liabilities</b>		<b>103</b>	<b>131</b>	<b>3,717</b>	<b>4,318</b>
<b>Total liabilities</b>		<b>37,487</b>	<b>38,130</b>	<b>1,352,853</b>	<b>1,256,880</b>
<b>Equity</b>					
Share capital	21				
Authorised share capital		-	-	1,416,701	1,416,701
Issued and paid-up share capital		47,322	47,322	1,413,329	1,413,329
Premium on share capital	21	422,563	422,563	13,558,613	13,558,613
Differences arising from common control transactions	22	(7,406)	(7,406)	(239,757)	(239,757)
Retained earnings (Deficit)					
Appropriated	22	4,503	4,503	141,670	141,670
Unappropriated (Deficit)		(83,454)	12,129	(2,912,853)	436,857
Other components of equity		28	28	1,880,997	483,146
<b>Total equity</b>		<b>383,556</b>	<b>479,139</b>	<b>13,841,999</b>	<b>15,793,858</b>
<b>Total liabilities and equity</b>		<b>421,043</b>	<b>517,269</b>	<b>15,194,852</b>	<b>17,050,738</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 2015	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
	Note	(in thousand US Dollar)		(in thousand Baht)	
<b>Income</b>					
Revenue from rendering of services	5	336,586	98,890	11,527,296	3,234,741
Interest income		197	103	6,747	3,369
Net gain on foreign exchange		1,733	323	59,351	10,565
Other income	5	258	244	8,836	7,981
<b>Total income</b>		<b>338,774</b>	<b>99,560</b>	<b>11,602,230</b>	<b>3,256,656</b>
<b>Expenses</b>					
Cost of rendering of services	24	303,531	86,518	10,395,239	2,830,047
Administrative expenses	5,25	49,010	10,628	1,678,482	347,647
Impairment losses	15	163,275	1,513	5,851,107	49,491
Finance costs	27	3,410	859	116,785	28,098
<b>Total expenses</b>		<b>519,226</b>	<b>99,518</b>	<b>18,041,613</b>	<b>3,255,283</b>
Share of profit (loss) of investments in associates and joint venture	11	(50,362)	7,026	(1,724,783)	229,824
<b>Profit (loss) before income tax expense</b>		<b>(230,814)</b>	<b>7,068</b>	<b>(8,164,166)</b>	<b>231,197</b>
Income tax expense	28	(529)	(2,726)	(18,117)	(89,169)
<b>Profit (loss) for the year / period</b>		<b>(231,343)</b>	<b>4,342</b>	<b>(8,182,283)</b>	<b>142,028</b>
<b>Other comprehensive income (loss)</b>					
<i>Items that will never be reclassified to profit or loss</i>					
Defined benefit plan actuarial gains (losses), net of tax	20	99	(31)	3,391	(1,014)
<i>Items that are or may be reclassified to profit or loss</i>					
Exchange differences on translating financial statements		(1,355)	(256)	(46,405)	(8,374)
Translation adjustments		-	-	1,554,963	332,326
<b>Other comprehensive income (loss) for the year / period, net of income tax</b>		<b>(1,256)</b>	<b>(287)</b>	<b>1,511,949</b>	<b>322,938</b>
<b>Total comprehensive income (loss) for the year / period</b>		<b>(232,599)</b>	<b>4,055</b>	<b>(6,670,334)</b>	<b>464,966</b>
<b>Profit (loss) attributable to:</b>					
Owners of the Company		(229,112)	4,323	(8,102,998)	141,407
Non-controlling interests		(2,231)	19	(79,285)	621
<b>Profit (loss) for the year / period</b>		<b>(231,343)</b>	<b>4,342</b>	<b>(8,182,283)</b>	<b>142,028</b>

The accompanying notes are an integral part of these financial statements

## STATEMENT OF COMPREHENSIVE INCOME

### MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

<b>Consolidated financial statements</b>				
	Year ended	Period from	Year ended	Period from
	31 December	1 October 2014	31 December	1 October 2014
<i>Note</i>	2015	to 31 December	2015	to 31 December
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Company	(230,302)	4,049	(6,588,789)	464,771
Non-controlling interests	(2,297)	6	(81,545)	195
<b>Total comprehensive income (loss) for the year / period</b>	<b>(232,599)</b>	<b>4,055</b>	<b>(6,670,334)</b>	<b>464,966</b>
<b>Earnings (losses) per share</b>				
	<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings (losses) per share	30 (0.162)	0.003	30 (5.733)	0.100
Diluted earnings (losses) per share	30 (0.162)	0.003	30 (5.733)	0.100

The accompanying notes are an integral part of these financial statements

## STATEMENT OF COMPREHENSIVE INCOME

### MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	<i>Note</i>	Separate financial statements			
		Year ended	Period from	Year ended	Period from
		31 December	1 October 2014	31 December	1 October 2014
		2015	to 31 December	2015	to 31 December
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Income</b>					
Management fee income	5	1,840	479	63,016	15,668
Interest income	5	4,259	1,217	145,861	39,809
Dividend income	5	6,150	9,600	210,623	314,021
Other income	5	477	121	16,336	3,958
<b>Total income</b>		<b>12,726</b>	<b>11,417</b>	<b>435,836</b>	<b>373,456</b>
<b>Expenses</b>					
Administrative expenses	5,25	11,906	1,809	407,752	59,173
Impairment losses on investments in subsidiaries	15	62,096	-	2,225,267	-
Net loss on foreign exchange		21,258	4,737	728,038	154,950
<b>Total expenses</b>		<b>95,260</b>	<b>6,546</b>	<b>3,361,057</b>	<b>214,123</b>
<b>Profit (loss) before income tax expense</b>		<b>(82,534)</b>	<b>4,871</b>	<b>(2,925,221)</b>	<b>159,333</b>
Income tax expense	28	(753)	(46)	(25,789)	(1,505)
<b>Profit (loss) for the year / period</b>		<b>(83,287)</b>	<b>4,825</b>	<b>(2,951,010)</b>	<b>157,828</b>
<b>Other comprehensive income (loss)</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Defined benefit plan actuarial losses, net of tax	20	-	(19)	-	(621)
<b>Items that are or may be reclassified to profit or loss</b>					
Translation adjustments		-	-	1,397,851	280,955
<b>Other comprehensive income (loss) for the year / period, net of income tax</b>		<b>-</b>	<b>(19)</b>	<b>1,397,851</b>	<b>280,334</b>
<b>Total comprehensive income (loss) for the year / period</b>		<b>(83,287)</b>	<b>4,806</b>	<b>(1,553,159)</b>	<b>438,162</b>
<b>Earnings (losses) per share</b>					
		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings (losses) per share	30	(0.059)	0.003	(2.088)	0.112
Diluted earnings (losses) per share	30	(0.059)	0.003	(2.088)	0.112

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 AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements										
	Retained earnings				Other components of equity						
	Issued and paid-up share capital	Premium on share capital	Appropriated	Unappropriated	Currency translation differences	Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Period from 1 October 2014 to 31 December 2014</b>	<b>47,314</b>	<b>422,513</b>	<b>4,503</b>	<b>85,985</b>	<b>2,881</b>	<b>41</b>	<b>(3,201)</b>	<b>(279)</b>	<b>560,036</b>	<b>1,790</b>	<b>561,826</b>
<b>Balance at 1 October 2014</b>											
Transactions with owners, recorded directly in equity											
<i>Contributions by and distributions to owners of the Company</i>											
Issues of ordinary shares	21	8	50	-	-	(16)	-	(16)	42	-	42
Share-based payment transactions	35	-	-	-	-	3	-	3	3	-	3
Additional investment in subsidiaries		-	-	-	-	-	301	301	301	-	301
Acquisition of non-controlling interests without a change in control	4	-	-	-	-	-	(266)	(266)	(266)	(27)	(293)
<b>Total contributions by and distributions to owners of the Company</b>	<b>8</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>35</b>	<b>22</b>	<b>80</b>	<b>(27)</b>	<b>53</b>
<b>Total transactions with owners, recorded directly in equity</b>	<b>8</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>35</b>	<b>22</b>	<b>80</b>	<b>(27)</b>	<b>53</b>
<b>Comprehensive income for the period</b>											
Profit or loss	-	-	-	4,323	-	-	-	-	4,323	19	4,342
Defined benefit plan actuarial losses, net of tax	20	-	-	(30)	-	-	-	-	(30)	(1)	(31)
Exchange differences on translating financial statements	-	-	-	-	(244)	-	-	(244)	(244)	(12)	(256)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,293</b>	<b>(244)</b>	<b>-</b>	<b>-</b>	<b>(244)</b>	<b>4,049</b>	<b>6</b>	<b>4,055</b>
<b>Balance at 31 December 2014</b>	<b>47,322</b>	<b>422,563</b>	<b>4,503</b>	<b>90,278</b>	<b>2,637</b>	<b>28</b>	<b>(3,166)</b>	<b>(501)</b>	<b>564,165</b>	<b>1,769</b>	<b>565,934</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 AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements							Total equity			
	Other components of equity										
	Retained earnings	Currency translation differences		Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of the Company		Non-controlling interests		
Issued and paid-up share capital	Premium on share capital	Appropriated	Unappropriated	differences	payment	interests	the Company	controlling interests	Total equity		
<b>Year ended 31 December 2015</b>	<b>47,322</b>	<b>422,563</b>	<b>4,503</b>	<b>90,278</b>	<b>2,637</b>	<b>28</b>	<b>(3,166)</b>	<b>(501)</b>	<b>564,165</b>	<b>1,769</b>	<b>565,934</b>
Balance at 1 January 2015	-	-	-	(12,296)	-	-	-	-	(12,296)	-	(12,296)
Transactions with owners, recorded directly in equity	-	-	-	(12,296)	-	-	-	-	(12,296)	-	(12,296)
<i>Contributions by and distributions to owners of the Company</i>	-	-	-	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-	-	-	-
<i>Total contributions by and distributions to owners of the Company</i>	-	-	-	(12,296)	-	-	-	-	(12,296)	-	(12,296)
Total transactions with owners, recorded directly in equity	-	-	-	(12,296)	-	-	-	-	(12,296)	-	(12,296)
<b>Comprehensive income for the year</b>	-	-	-	(229,112)	-	-	-	-	(229,112)	(2,231)	(231,343)
Profit or loss	-	-	-	99	-	-	-	-	99	-	99
Defined benefit plan actuarial gains, net of tax	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating financial statements	-	-	-	-	(1,289)	-	-	(1,289)	(1,289)	(66)	(1,355)
<b>Total comprehensive income for the year</b>	-	-	-	(229,013)	(1,289)	-	-	(1,289)	(230,302)	(2,297)	(232,599)
Balance at 31 December 2015	<b>47,322</b>	<b>422,563</b>	<b>4,503</b>	<b>(151,031)</b>	<b>1,348</b>	<b>28</b>	<b>(3,166)</b>	<b>(1,790)</b>	<b>321,567</b>	<b>(528)</b>	<b>321,039</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 AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements							Total equity			
	Other components of equity						Total other components of equity				
	Issued and paid-up share capital	Retained earnings		Currency translation differences	Share-based payment	Changes in ownership interests			Equity attributable to owners of the Company		
Premium on share capital	Appropriated	Unappropriated	Share-based payment	ownership interests	Non-controlling interests	Total equity					
Year ended 31 December 2015											
Balance at 1 January 2015	1,413,329	13,558,613	141,670	2,940,066	652,321	874	(111,483)	541,712	18,595,390	59,492	18,654,882
Transactions with owners, recorded directly in equity											
<i>Contributions by and distributions to owners of the Company</i>											
Dividends to owners of the Company	-	-	-	(398,700)	-	-	-	-	(398,700)	-	(398,700)
<i>Total contributions by and distributions to owners of the Company</i>	-	-	-	(398,700)	-	-	-	-	(398,700)	-	(398,700)
Total transactions with owners, recorded directly in equity	-	-	-	(398,700)	-	-	-	-	(398,700)	-	(398,700)
Comprehensive income for the year											
Profit or loss	-	-	-	(8,102,998)	-	-	-	-	(8,102,998)	(79,285)	(8,182,283)
Defined benefit plan actuarial gains, net of tax	-	-	-	3,391	-	-	-	-	3,391	-	3,391
Exchange differences on translating financial statements	-	-	-	-	1,510,818	-	-	1,510,818	1,510,818	(2,260)	1,508,558
<b>Total comprehensive income for the year</b>	-	-	-	(8,099,607)	1,510,818	-	-	1,510,818	(6,588,789)	(81,545)	(6,670,334)
Balance at 31 December 2015	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

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 AND COMPANY FINANCIAL STATEMENTS

	Separate financial statements						Total equity
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings	Other components of equity		
				Appropriated	Unappropriated	Share-based payment	
				<i>(in thousand US Dollar)</i>			
Period from 1 October 2014 to 31 December 2014							
Balance at 1 October 2014	47,314	422,513	(7,406)	4,503	7,323	41	474,288
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Issues of ordinary shares	21 8	50	-	-	-	(16)	42
Share-based payment transactions	35 -	-	-	-	-	3	3
<i>Total contributions by and distributions to owners of the Company</i>	8	50	-	-	-	(13)	45
Total transactions with owners, recorded directly in equity	8	50	-	-	-	(13)	45
Comprehensive income for the period							
Profit or loss	-	-	-	-	4,825	-	4,825
Defined benefit plan actuarial losses, net of tax	20 -	-	-	-	(19)	-	(19)
<i>Total comprehensive income for the period</i>	-	-	-	-	4,806	-	4,806
Balance at 31 December 2014	47,322	422,563	(7,406)	4,503	12,129	28	479,139

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 AND COMPANY FINANCIAL STATEMENTS

	Separate financial statements					Total equity
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings	Other components of equity	
Year ended 31 December 2015						
Balance at 1 January 2015	47,322	422,563	(7,406)	4,503	12,129	28
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	-	-	-	-	(12,296)	-
<i>Total contributions by and distributions to owners of the Company</i>	-	-	-	-	(12,296)	-
Total transactions with owners, recorded directly in equity	-	-	-	-	(12,296)	-
Comprehensive income for the year						
Profit or loss	-	-	-	-	(83,287)	-
<i>Total comprehensive income for the year</i>	-	-	-	-	(83,287)	-
Balance at 31 December 2015	<u>47,322</u>	<u>422,563</u>	<u>(7,406)</u>	<u>4,503</u>	<u>(83,454)</u>	<u>28</u>
						<u>383,556</u>

*(in thousand US Dollar)*

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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 AND COMPANY FINANCIAL STATEMENTS

	Separate financial statements									
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings		Other components of equity				
				Appropriated	Unappropriated	Currency translation differences	Share-based payment	Total other components of equity		
<i>Note</i>										
<b>Period from 1 October 2014 to 31 December 2014</b>										
Balance at 1 October 2014	1,413,081	13,557,016	(239,757)	141,670	279,650	201,317	1,290	202,607	15,354,267	
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners of the Company</i>										
Issues of ordinary shares	248	1,597	-	-	-	-	-	(512)	(512)	1,333
Share-based payment transactions	-	-	-	-	-	-	-	96	96	96
<b>Total contributions by and distributions to owners of the Company</b>	<b>248</b>	<b>1,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(416)</b>	<b>(416)</b>	<b>1,429</b>
<b>Total transactions with owners, recorded directly in equity</b>	<b>248</b>	<b>1,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(416)</b>	<b>(416)</b>	<b>1,429</b>
<b>Comprehensive income for the period</b>										
Profit or loss	-	-	-	-	157,828	-	-	-	-	157,828
Defined benefit plan actuarial losses, net of tax	-	-	-	-	-	-	-	-	-	(621)
Exchange differences on translating financial statements	-	-	-	-	-	280,955	-	-	280,955	280,955
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,207</b>	<b>280,955</b>	<b>-</b>	<b>-</b>	<b>280,955</b>	<b>438,162</b>
Balance at 31 December 2014	1,413,329	13,558,613	(239,757)	141,670	436,857	482,272	874	483,146	15,793,858	

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 AND COMPANY FINANCIAL STATEMENTS

	Separate financial statements								
	Retained earnings			Other components of equity					
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Appropriated	Unappropriated	Currency translation differences	Share-based payment	Total other components of equity	Total equity
<i>Note</i>			<i>(in thousand Baht)</i>						
<b>Year ended 31 December 2015</b>									
Balance at 1 January 2015	1,413,329	13,558,613	(239,757)	141,670	436,857	482,272	874	483,146	15,793,858
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the Company</i>									
Dividends to owners of the Company	-	-	-	-	(398,700)	-	-	-	(398,700)
<i>Total contributions by and distributions to owners of the Company</i>	-	-	-	-	(398,700)	-	-	-	(398,700)
Total transactions with owners, recorded directly in equity	-	-	-	-	(398,700)	-	-	-	(398,700)
<b>Comprehensive income for the year</b>									
Profit or loss	-	-	-	-	(2,951,010)	-	-	-	(2,951,010)
Exchange differences on translating financial statements	-	-	-	-	-	1,397,851	-	1,397,851	1,397,851
<b>Total comprehensive income for the year</b>	-	-	-	-	(2,951,010)	1,397,851	-	1,397,851	(1,553,159)
Balance at 31 December 2015	<u>1,413,329</u>	<u>13,558,613</u>	<u>(239,757)</u>	<u>141,670</u>	<u>(2,912,853)</u>	<u>1,880,123</u>	<u>874</u>	<u>1,880,997</u>	<u>13,841,999</u>

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	Period from	Year ended	Period from
	31 December	1 October 2014	31 December	1 October 2014
	2015	to 31 December	2015	to 31 December
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year / period	(231,343)	4,342	(8,182,283)	142,028
<i>Adjustments for:</i>				
Depreciation	32,340	7,497	1,107,571	245,231
Amortisation	2,323	612	79,557	20,019
Interest income	(197)	(103)	(6,747)	(3,369)
Finance costs	3,410	859	116,785	28,098
Bad debt expenses	188	-	6,785	-
Share-based payment	-	3	-	96
Net gain on disposals and write-offs				
of property, plant and equipment and intangible assets	(27)	(167)	(925)	(5,463)
Impairment losses on property, plant and equipment				
and related supplies and spare parts	155,205	1,513	5,561,911	49,491
Impairment losses on goodwill	8,070	-	289,196	-
Unrealised gain on exchange rates	(422)	(355)	(14,453)	(11,612)
Employee benefit obligations	561	227	19,213	7,425
Loss from write-off of outstanding withholding taxes	13,448	2,034	460,563	66,533
Share of (profit) loss of investments in associates and joint venture, net off tax	50,362	(7,026)	1,724,783	(229,824)
Income tax expense	529	2,726	18,117	89,169
Cash flows from operations before changes in operating assets and liabilities	34,447	12,162	1,180,073	397,822
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institution	(1,848)	-	(66,692)	-
Trade accounts receivable	(4,194)	(930)	(151,356)	(30,656)
Receivables from related parties	-	25	-	824
Other receivables	2,410	1,662	86,973	54,785
Supplies and spare parts	316	214	11,404	7,054
Other non-current assets	264	30	9,527	989
Trade accounts payable	(17,008)	11,264	(613,795)	371,295
Other payables	3,461	3,447	124,902	112,536
Exchange rate (gains) losses from translating financial statements	(1,355)	(255)	220,683	27,600
Cash generated from operating activities	16,493	27,619	801,719	942,249
Finance costs paid	(3,300)	(844)	(113,017)	(27,608)
Employee benefits paid	(332)	(49)	(11,370)	(1,603)
Income tax paid	(6,551)	(3,463)	(224,357)	(113,276)
<b>Net cash from operating activities</b>	<b>6,310</b>	<b>23,263</b>	<b>452,975</b>	<b>799,762</b>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CASH FLOWS****MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b><i>Cash flows from investing activities</i></b>				
Interest received	203	185	7,326	6,098
Dividend received from associates	6,752	-	243,670	-
Decrease in short-term deposit at financial institution	-	25,012	-	824,471
Payment for investments in subsidiaries	(1,739)	-	(62,758)	-
Proceeds from disposals of property, plant and equipment and intangible assets	282	236	10,177	7,779
Payment for purchases of property, plant and equipment and intangible assets	(25,131)	(10,268)	(899,543)	(338,464)
<b>Net cash from (used in) investing activities</b>	<b>(19,633)</b>	<b>15,165</b>	<b>(701,128)</b>	<b>499,884</b>
<b><i>Cash flows from financing activities</i></b>				
Dividends paid to shareholders	(12,296)	-	(398,700)	-
Finance lease payments	(41)	(9)	(1,480)	(297)
Proceeds from short-term loans from financial institutions	7,989	-	288,312	-
Repayments of short-term loans from financial institutions	(4,376)	-	(157,920)	-
Repayments of long-term loans from financial institutions	(9,000)	(4,750)	(324,797)	(156,574)
Proceeds from issue of ordinary shares	-	42	-	1,334
<b>Net cash used in financing activities</b>	<b>(17,724)</b>	<b>(4,717)</b>	<b>(594,585)</b>	<b>(155,537)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31,047)</b>	<b>33,711</b>	<b>(842,738)</b>	<b>1,144,109</b>
Cash and cash equivalents at 1 January / 1 October	89,408	55,841	2,947,156	1,807,757
Effects of exchange rate changes on balances held in foreign currencies	(950)	(144)	(32,535)	(4,710)
<b>Cash and cash equivalents at 31 December</b>	<b>57,411</b>	<b>89,408</b>	<b>2,071,883</b>	<b>2,947,156</b>
<b><i>Non-cash transactions</i></b>				
Receivable for sales of property, plant and equipment	16	-	577	-
Payables for purchase of property, plant and equipment and intangible assets	470	2,431	16,962	80,331
Payable for purchase of shares in subsidiaries	-	1,739	-	57,323
Finance lease agreements for purchases of equipment	40	63	1,444	2,077
Dividend receivable	6,752	-	243,670	-

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 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year / period	(83,287)	4,825	(2,951,010)	157,828
<i>Adjustments for:</i>				
Depreciation	439	116	15,035	3,794
Amortisation	34	8	1,164	262
Interest income	(4,259)	(1,217)	(145,861)	(39,809)
Dividend income	(6,150)	(9,600)	(210,623)	(314,021)
Bad debt expenses	5,956	-	214,943	-
Share-based payment	-	3	-	96
Impairment losses on investments in subsidiaries	62,096	-	2,225,267	-
Unrealised loss on exchange rates	21,177	4,517	725,263	147,753
Employee benefit obligations	26	8	890	262
Income tax expense	753	46	25,789	1,505
Cash flows from operations before changes in operating assets and liabilities	(3,215)	(1,294)	(99,143)	(42,330)
<i>Changes in operating assets and liabilities</i>				
Receivables from related parties	(23,938)	(1,911)	(863,889)	(62,992)
Other receivables	90	(59)	3,248	(4,369)
Other payables	(298)	137	(10,754)	4,516
Exchange rate loss from translating financial statements	-	-	129,032	17,463
Cash used in operating activities	(27,361)	(3,127)	(841,506)	(87,712)
Employee benefits paid	(54)	-	(1,849)	-
Income tax paid	(1,119)	(20)	(38,323)	(654)
<b>Net cash used in operating activities</b>	<b>(28,534)</b>	<b>(3,147)</b>	<b>(881,678)</b>	<b>(88,366)</b>
<b><i>Cash flows from investing activities</i></b>				
Interest received	4,273	1,282	154,207	42,259
Dividends received	6,150	-	210,623	-
Decrease in short-term deposit at financial institution	-	25,012	-	824,471
Short-term loans received from related parties	2,396	9,192	86,500	302,938
Short-term loans provided to related parties	(7,069)	-	(255,110)	-
Payment for purchases of property, plant and equipment and intangible assets	(64)	(17)	(2,310)	(561)
<b>Net cash from investing activities</b>	<b>5,686</b>	<b>35,469</b>	<b>193,910</b>	<b>1,169,107</b>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CASH FLOWS****MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

	<b>Separate financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b><i>Cash flows from financing activities</i></b>				
Dividends paid to shareholders	(12,296)	-	(398,700)	-
Proceeds from issue of ordinary shares	-	42	-	1,334
<b>Net cash from (used in) financing activities</b>	<b>(12,296)</b>	<b>42</b>	<b>(398,700)</b>	<b>1,334</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
Cash and cash equivalents at 1 January / 1 October	58,232	25,888	1,919,501	838,080
Effects of exchange rate changes on balances held in foreign currencies	(98)	(20)	(3,356)	(654)
<b>Cash and cash equivalents at 31 December</b>	<b>22,990</b>	<b>58,232</b>	<b>829,677</b>	<b>1,919,501</b>
<b><i>Non-cash transactions</i></b>				
Amount due from disposals of investments in associates under common control transactions	80,352	87,965	2,899,791	2,899,591
Dividend receivable	9,600	9,600	346,451	316,445

The accompanying notes are an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 29 February 2016.

## 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, Plonchit 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 2015 and 2014 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2015	31 December 2014
<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.	Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry	Thailand	100.0	100.0
Seascope Surveys Pte. Ltd., which has one subsidiary as follows:	”	Singapore	100.0	100.0
PT Seascope Surveys Indonesia*	”	Indonesia	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

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2015	31 December 2014
Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling services	Malaysia	95.0	95.0
MTR - 1 (Singapore) Pte. Ltd.	"	Singapore	95.0	95.0
MTR - 2 (Singapore) Pte. Ltd.	"	Singapore	95.0	95.0
Mermaid Drilling (Singapore) Pte. Ltd.	Production and exploration drilling services	Singapore	100.0	100.0
MTR - 3 (Singapore) Pte. Ltd.	"	Singapore	100.0	100.0
MTR - 4 (Singapore) Pte. Ltd.	"	Singapore	100.0	100.0
Mermaid MTN Pte. Ltd.	"	Singapore	100.0	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
<i>Subsidiaries</i>				
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*	"	Qatar	49.0	49.0
<i>Associates</i>				
Asia Offshore Drilling Limited, which has three subsidiaries as follows:	Drilling services	Bermuda	33.76	33.76
Asia Offshore Rig 1 Limited	"	Bermuda	33.76	33.76
Asia Offshore Rig 2 Limited	"	Bermuda	33.76	33.76
Asia Offshore Rig 3 Limited	"	Bermuda	33.76	33.76
<i>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

\* 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 2015. 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 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in Note 37.

### (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 15	Key assumptions used in discounted cash flow projections
Note 17	Utilisation of tax losses
Note 20	Measurement of defined benefit obligation
Note 32	Valuation of financial instruments
Note 35	Measurement of share-based payment

#### *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 CFO.

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 such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable 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.

**(e) *Change in accounting period***

At the extraordinary general meeting of shareholders of the Company held on 16 June 2014, the shareholders approved to change the Company's accounting period from beginning on 1 October and ending on 30 September to beginning on 1 January and ending on 31 December. The Company has completed the registration with the Department of Business Development, Ministry of Commerce for this change on 15 July 2014 and from the Revenue Department for this change on 17 September 2014. The Company's first accounting period following the change commenced on 1 October 2014 and ended on 31 December 2014. As a consequence, the financial reporting period ending on 31 December 2014 comprises a period of three months only. As such, the amounts presented in the statement of comprehensive income, changes in equity and cash flows as comparatives are not directly comparable.

### **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 other than those with entities under common control.

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

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

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

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

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

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, 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.

#### *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 recognised initially 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.

**(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 stated 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 stated at cost less accumulated depreciation and impairment losses.



Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

#### *Leased assets*

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

#### *Subsequent costs*

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

#### *Depreciation*

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

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

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

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

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

Expenditures incurred during inspections, major repairs, or dry-docking are recognised in the carrying amount of property, plant, and equipment as a replacement if the recognition criteria are satisfied. Dry-docking costs are considered a separate component of the vessels' cost that have a different pattern of economic benefits and are therefore depreciated separately. Dry-docking expenses are amortised over the period until the next scheduled dry-docking up to a maximum of 5 years.

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

**(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.

*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:

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

**(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.

#### *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.

### **(n) 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.

### **(o) 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.

### **(p) 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.

### **(q) 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.

### **(r) 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.

**(s) *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.

**(t) *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 Acquisitions

### *Subtech Saudi Arabia Limited*

On 8 October 2014, Mermaid Subsea Services (International) Ltd., a wholly owned subsidiary of the Company, has increased its shareholding interest in Subtech Saudi Arabia Limited from 70% to 95% by acquiring additional shares from General Technology & Systems Co., Ltd, an existing shareholder of Subtech Saudi Arabia Limited. As a result, the Company holds 95% indirect interest in Subtech Saudi Arabia Limited. Total consideration was US Dollar 293,333 (or equivalent to Baht 9,577,322). The excess of consideration over the acquired net assets is recognised as an item under other components of equity.

The effect of changes in ownership interest in subsidiary that do not result in a loss of control is as follow:

	As at 31 December 2014	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Consideration transferred	293	9,577
Translation adjustments	-	81
Non-controlling interest acquired	(27)	(890)
Excess of consideration over the acquired net assets	<u>266</u>	<u>8,768</u>

### *Seascope Surveys Pte. Ltd. and Seascope Surveys (Thailand) Ltd.*

On 10 July 2012, Mermaid Subsea Services (Thailand) Ltd. (formerly Mermaid Offshore Services Ltd.) (“MSST”) entered into a share purchase agreement with the shareholders of Seascope Surveys Pte. Ltd. (“SSPL”) and Seascope Surveys (Thailand) Ltd. (“SSTL”) to purchase 20% of the issued and paid-up share capital of SSPL and SSTL.

As a result of completion of the share acquisition, SSPL and SSTL have each become a wholly owned subsidiary of MSST. The first and second payment of US Dollar 1,806 thousand and US Dollar 1,145 thousand was paid in July 2012 and February 2014, respectively. The final payment of share purchase consideration payable amounting to US Dollar 1,739 thousand was paid in March 2015.

## 5 Related parties

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

Relationships with related parties were as follows:

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

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

### Transactions

Revenue from rendering of services  
 Management fee income  
 Interest income and interest expenses  
  
 Rental income  
 Other income  
 Other administrative expenses  
 Management benefit expenses  
  
 Dividend income

### Pricing policies

Prices normally charged to a third party  
 Actual cost plus margin  
 Market linked rate / Borrowing costs of the lender  
  
 Actual cost plus margin  
 Actual cost plus margin  
 Actual cost plus margin  
 Amount approved by the directors and/or the shareholders  
  
 Right to receive dividends



Significant transactions for the year ended 31 December 2015 and for the period from 1 October 2014 to 31 December 2014 with related parties were as follows:

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b>Parent</b>				
Rental income	42	13	1,438	425
Other administrative expenses	68	12	2,329	393
<b>Joint venture</b>				
Revenue from rendering of services	77,976	21,153	2,670,499	691,925
<b>Other related parties</b>				
Other administrative expenses	3	-	103	-
<b>Key management personnel compensation</b>				
Short-term employee benefits	923	268	31,611	8,766
Post-employment benefits and other long-term benefits	1	-	34	-
<b>Total key management personnel compensation</b>	<b>924</b>	<b>268</b>	<b>31,645</b>	<b>8,766</b>

	<b>Separate financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b>Parent</b>				
Rental income	42	13	1,438	425
Other administrative expenses	26	1	890	33
<b>Subsidiaries</b>				
Dividend income	6,150	9,600	210,623	314,021
Management fee income	1,840	479	63,016	15,668
Interest income	4,108	1,147	140,690	37,519
Rental income	360	90	12,329	2,944
Other income	72	18	2,466	589
Other administrative expenses	17	4	582	131
<b>Other related parties</b>				
Other administrative expenses	3	-	103	-
<b>Key management personnel compensation</b>				
Short-term employee benefits	561	175	19,213	5,725
Post-employment benefits and other long-term benefits	1	-	34	-
<b>Total key management personnel compensation</b>	<b>562</b>	<b>175</b>	<b>19,247</b>	<b>5,725</b>

Balances as at 31 December 2015 and 2014 with related parties were as follows:

	<b>Consolidated financial statements</b>			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
<b><i>Trade accounts receivable from related parties</i></b>				
Joint venture	43,966	33,202	1,586,671	1,094,438
<b>Total</b>	<b>43,966</b>	<b>33,202</b>	<b>1,586,671</b>	<b>1,094,438</b>
<b><i>Receivables from related parties</i></b>				
Parent	3	4	108	132
<b>Total</b>	<b>3</b>	<b>4</b>	<b>108</b>	<b>132</b>
<b><i>Dividend receivable</i></b>				
Associates	6,752	-	243,670	-
<b>Total</b>	<b>6,752</b>	<b>-</b>	<b>243,670</b>	<b>-</b>
<b><i>Payables to related parties</i></b>				
Parent	8	4	289	132
<b>Total</b>	<b>8</b>	<b>4</b>	<b>289</b>	<b>132</b>
<b>Separate financial statements</b>				
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
<b><i>Receivables from related parties</i></b>				
Parent	3	4	108	132
Subsidiaries	58,716	37,074	2,118,978	1,222,070
Subsidiaries - transferred investments in associates under common control	80,352	87,965	2,899,791	2,899,591
<b>Total</b>	<b>139,071</b>	<b>125,043</b>	<b>5,018,877</b>	<b>4,121,793</b>
Less allowance for doubtful account	(5,956)	-	(214,943)	-
<b>Net</b>	<b>133,115</b>	<b>125,043</b>	<b>4,803,934</b>	<b>4,121,793</b>
Bad and doubtful debts expense for the year / period	5,956	-	214,943	-
<b><i>Short-term loans to related parties</i></b>				
Subsidiaries	130,008	136,507	4,691,807	4,499,680
<b>Total</b>	<b>130,008</b>	<b>136,507</b>	<b>4,691,807</b>	<b>4,499,680</b>
<b><i>Dividend receivable</i></b>				
Subsidiaries	9,600	9,600	346,451	316,445
<b>Total</b>	<b>9,600</b>	<b>9,600</b>	<b>346,451</b>	<b>316,445</b>
<b><i>Payables to related parties</i></b>				
Parent	8	-	289	-
Subsidiaries	35,364	35,362	1,276,237	1,165,638
<b>Total</b>	<b>35,372</b>	<b>35,362</b>	<b>1,276,526</b>	<b>1,165,638</b>

Movements of short-term loans to related parties, excluding interest receivables from related parties, during for the year ended 31 December 2015 and for the period from 1 October 2014 to 31 December 2014 were as follows:

	Separate financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b><i>Subsidiaries</i></b>				
At 1 January / 1 October	136,507	147,800	4,499,680	4,784,774
Increases	7,069	-	255,110	-
Decreases	(2,413)	(8,963)	(87,082)	(295,447)
Realised gains (losses) on exchange rates	17	(229)	582	(7,491)
Unrealised gains (losses) on exchange rates	(11,172)	(2,101)	(382,615)	(68,725)
Translation adjustments	-	-	406,132	86,569
<b>At 31 December</b>	<b>130,008</b>	<b>136,507</b>	<b>4,691,807</b>	<b>4,499,680</b>

All short-term loans to related parties are unsecured and have repayment terms at call. The Company's short-term loans to related parties bear fixed interest at 2.75% and 6.00% per annum and are denominated in Thai Baht and US Dollar.

## 6 Cash and cash equivalents

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Cash on hand	124	130	4,475	4,285
Cash at bank	57,287	89,278	2,067,408	2,942,871
<b>Total</b>	<b>57,411</b>	<b>89,408</b>	<b>2,071,883</b>	<b>2,947,156</b>
	Separate financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Cash on hand	2	2	72	66
Cash at bank	22,988	58,230	829,605	1,919,435
<b>Total</b>	<b>22,990</b>	<b>58,232</b>	<b>829,677</b>	<b>1,919,501</b>

## 7 Trade accounts receivable

	Note	Consolidated financial statements			
		2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Joint venture	5	43,966	33,202	1,586,671	1,094,438
Other parties		62,692	62,022	2,262,467	2,044,431
Accrued income		8,315	15,555	300,077	512,739
<b>Total</b>		<b>114,973</b>	<b>110,779</b>	<b>4,149,215</b>	<b>3,651,608</b>
Less allowance for doubtful account		(188)	-	(6,785)	-
<b>Net</b>		<b>114,785</b>	<b>110,779</b>	<b>4,142,430</b>	<b>3,651,608</b>
Bad and doubtful debts expense for the year / period		<b>188</b>	-	<b>6,785</b>	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Within credit terms	37,717	72,990	1,361,154	2,405,969
Overdue:				
Less than 3 months	56,930	30,683	2,054,524	1,011,404
3-6 months	18,619	6,508	671,934	214,523
6-12 months	1,286	589	46,410	19,415
Over 12 months	421	9	15,193	297
	<b>114,973</b>	<b>110,779</b>	<b>4,149,215</b>	<b>3,651,608</b>
Less allowance for doubtful account	(188)	-	(6,785)	-
	<b>114,785</b>	<b>110,779</b>	<b>4,142,430</b>	<b>3,651,608</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			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Input taxes awaiting invoice	5,433	1,329	196,069	43,808
Withholding taxes	4,202	1,641	151,644	54,092
Prepaid expenses	1,780	4,626	64,238	152,487
Advances for business expenses	900	2,951	32,480	97,274
Deferred mobilisation cost	843	1,631	30,423	53,763
Advances to employees	330	618	11,909	20,371
Value added tax refundable	135	3,403	4,872	112,173
Others	202	1,093	7,290	36,028
<b>Total</b>	<b>13,825</b>	<b>17,292</b>	<b>498,925</b>	<b>569,996</b>

	Separate financial statements			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Withholding taxes	52	-	1,877	-
Prepaid expenses	43	117	1,552	3,857
Value added tax refundable	12	4	433	132
Accrued interest income	8	22	289	725
Others	3	28	107	923
<b>Total</b>	<b>118</b>	<b>171</b>	<b>4,258</b>	<b>5,637</b>

## 9 Deferred contract cost

	Consolidated financial statements			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
At 1 January / 1 October	5,772	6,282	190,262	203,369
Amortisation	(2,038)	(510)	(69,797)	(16,682)
Translation adjustments	-	-	14,290	3,575
<b>At 31 December</b>	<b>3,734</b>	<b>5,772</b>	<b>134,755</b>	<b>190,262</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

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

## 11 Investments in associates and joint venture

Details as at 31 December 2015 and 2014 were as follows:

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b>Associates</b>				
At 1 January / 1 October	138,248	131,375	4,557,069	4,253,042
Share of profits before impairment loss of associates	14,152	6,873	484,673	224,819
Share of impairment loss on property, plant and equipment of associates	(65,175)	-	(2,232,094)	-
Dividend income	(13,504)	-	(462,481)	-
Translation adjustments	-	-	313,321	79,208
<b>At 31 December</b>	<b>73,721</b>	<b>138,248</b>	<b>2,660,488</b>	<b>4,557,069</b>
<b>Joint venture</b>				
At 1 January / 1 October	415	262	13,680	8,482
Share of profits of joint venture	661	153	22,638	5,005
Translation adjustments	-	-	2,513	193
<b>At 31 December</b>	<b>1,076</b>	<b>415</b>	<b>38,831</b>	<b>13,680</b>
<b>Total</b>				
At 1 January / 1 October	138,663	131,637	4,570,749	4,261,524
Share of profits before impairment loss of associates and joint venture	14,813	7,026	507,311	229,824
Share of impairment loss on property, plant and equipment of associates	(65,175)	-	(2,232,094)	-
Dividend income	(13,504)	-	(462,481)	-
Translation adjustments	-	-	315,834	79,401
<b>At 31 December</b>	<b>74,797</b>	<b>138,663</b>	<b>2,699,319</b>	<b>4,570,749</b>
<b>Separate financial statements</b>				
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b>Joint venture</b>				
At 1 January / 1 October	213	213	7,021	6,896
Translation adjustments	-	-	666	125
<b>At 31 December</b>	<b>213</b>	<b>213</b>	<b>7,687</b>	<b>7,021</b>

During the year ended 31 December 2015 there were no acquisitions or disposals of investment in associates and joint venture.

The Group's interest in an associate, while maintaining equity accounting in the associate, was diluted in July 2011. The loss on dilution of US Dollar 5.7 million was recognised in the Group's share of profits before impairment loss of associates for the year ended 31 December 2015.

On 27 February 2015, the Group's associate declared dividends of US Dollar 0.33 per share, which totalled US Dollar 6.75 million attributable to the Group. The Group's associate made payment to the Group on 4 March 2015.

On 23 December 2015, the Group's associate declared dividends of US Dollar 0.333 per share, which totalled US Dollar 6.75 million attributable to the Group and remained receivable as at 31 December 2015 (Note 5). The Group's associate made payment to the Group on 14 January 2016.

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

During the year 2015, the Group's associates recognised an impairment charge of US Dollar 193 million (equivalent to Baht 6,610 million) on certain drilling rigs as a result of lower recoverable amounts compared to carrying amounts. The Group's share of this impairment charge amounted to US Dollar 65 million (equivalent to Baht 2,226 million).

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Investments in associates and joint venture as at 31 December 2015 and 2014, and dividend income from those investments for the year ended 31 December 2015 and the period from 1 October 2014 to 31 December 2014, were as follows:

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
<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	73,721	138,248	13,504	-
						<b>97,582</b>	<b>97,582</b>	<b>73,721</b>	<b>138,248</b>	<b>13,504</b>	<b>-</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	1,076	415	-	-
						<b>213</b>	<b>213</b>	<b>1,076</b>	<b>415</b>	<b>-</b>	<b>-</b>
<b>Total</b>						<b>97,795</b>	<b>97,795</b>	<b>74,797</b>	<b>138,663</b>	<b>-</b>	<b>-</b>

(in thousand US Dollar)



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Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	Period from 1 October 2014 to 31 December 2014
		31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014		
<b>Associates</b>											
Group of AOD Companies <sup>(A)</sup>	Bermuda	33.76	33.76	USD 60 million	USD 60 million	3,521,598	3,216,595	2,660,488	4,557,069	462,481	-
						<b>3,521,598</b>	<b>3,216,595</b>	<b>2,660,488</b>	<b>4,557,069</b>	<b>462,481</b>	<b>-</b>
<b>Joint venture</b>											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	7,687	7,021	38,831	13,680	-	-
						<b>7,687</b>	<b>7,021</b>	<b>38,831</b>	<b>13,680</b>	<b>-</b>	<b>-</b>
<b>Total</b>						<b>3,529,285</b>	<b>3,223,616</b>	<b>2,699,319</b>	<b>4,570,749</b>	<b>-</b>	<b>-</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>			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Revenue	113,900	35,939	3,900,813	1,164,528
Profit (loss) from continuing operations	(134,761)	20,305	(4,615,254)	657,941
<b>Total comprehensive income</b>	<b>(134,761)</b>	<b>20,305</b>	<b>(4,615,254)</b>	<b>657,941</b>
Current assets	88,722	68,547	3,201,853	2,259,515
Non-current assets	472,775	687,487	17,061,788	22,661,634
Current liabilities	(63,264)	(37,534)	(2,283,109)	(1,237,233)
Non-current liabilities	(279,864)	(325,370)	(10,099,900)	(10,725,172)
<b>Net assets</b>	<b>218,369</b>	<b>393,130</b>	<b>7,880,632</b>	<b>12,958,744</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>			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Carrying amount of interest in immaterial joint venture	1,076	415	38,831	13,680
Group's share of:				
- Profit from continuing operations	661	153	22,638	5,005
- Other comprehensive income	-	-	-	-
- Total comprehensive income	<b>661</b>	<b>153</b>	<b>22,638</b>	<b>5,005</b>

**12 Investments in subsidiaries**

For the year ended 31 December 2015 and for the period from 1 October 2014 to 31 December 2014:

	<b>Separate financial statements</b>			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
At 1 January / 1 October	184,273	184,273	6,074,191	5,965,525
Allowance for impairment	(62,096)	-	(2,225,267)	-
Translation adjustments	-	-	560,273	108,666
<b>At 31 December</b>	<b>122,177</b>	<b>184,273</b>	<b>4,409,197</b>	<b>6,074,191</b>

During the year 2015, the Company recognised an impairment charge of US Dollar 62 million (equivalent to Baht 2,225 million) on investments in subsidiaries. Details on the impairment charge are given in Note 15.

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Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income from those investments for the year ended 31 December 2015 and for the period from 1 October 2014 to 31 December 2014 were as follows:

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
<b>Direct subsidiaries</b>										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,930 million	THB 2,930 million	83,343	83,343	-	-	83,343	83,343	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	14,074	14,074	(10,600)	-	3,474	14,074	-	-
Mermaid Drilling (Singapore) Pte .Ltd.	USD 51 million	USD 51 million	51,000	51,000	(15,640)	(8,144)	35,360	42,856	-	-
MTR - 3 (Singapore) Pte. Ltd.	USD 22 million	USD 22 million	22,000	22,000	(22,000)	-	-	22,000	-	-
MTR - 4 (Singapore) Pte. Ltd.	USD 22 million	USD 22 million	22,000	22,000	(22,000)	-	-	22,000	-	-
Mermaid MTN Pte. Ltd.	SGD 100	SGD 100	-	-	-	-	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	6,150	9,600
<b>Total</b>			<b>192,417</b>	<b>192,417</b>	<b>(70,240)</b>	<b>(8,144)</b>	<b>122,177</b>	<b>184,273</b>	<b>6,150</b>	<b>9,600</b>

(in thousand US Dollar)

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Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
<b>Indirect subsidiaries</b>										
Seascope Surveys (Thailand) Ltd.	THB 34 million	THB 34 million	840	840	(807)	(807)	33	33	-	-
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	14,268	14,268	(10,263)	-	4,005	14,268	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	200	200	-	-	200	200	-	-
Mermaid Offshore Services Pte. 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	(8,334)	-	-	8,334	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd	MYR 500 thousand	MYR 500 thousand	164	164	(164)	-	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	40	40	(40)	-	-	40	-	-
MTR - 2 (Singapore) Pte. Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Mermaid International Ventures	USD 100	USD 100	-	-	-	-	-	-	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	7,586	7,586	-	-	7,586	7,586	-	-
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>58,528</b>	<b>58,528</b>	<b>(46,263)</b>	<b>(971)</b>	<b>12,265</b>	<b>57,557</b>	<b>-</b>	<b>-</b>

(in thousand US Dollar)

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
<b>Direct subsidiaries</b>										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,930 million	THB 2,930 million	3,007,730	2,747,234	-	-	3,007,730	2,747,234	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	507,911	463,920	(382,539)	-	125,372	463,920	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	USD 51 million	USD 51 million	1,840,519	1,681,113	(564,427)	(268,451)	1,276,092	1,412,662	-	-
MTR - 3 (Singapore) Pte. Ltd.	USD 22 million	USD 22 million	793,949	725,186	(793,949)	-	-	725,186	-	-
MTR - 4 (Singapore) Pte. Ltd.	USD 22 million	USD 22 million	793,949	725,186	(793,949)	-	-	725,186	-	-
Mermaid MTN Pte. Ltd.	SGD 100	SGD 100	3	3	-	-	3	3	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	210,623	314,021
<b>Total</b>			<b>6,944,061</b>	<b>6,342,642</b>	<b>(2,534,864)</b>	<b>(268,451)</b>	<b>4,409,197</b>	<b>6,074,191</b>	<b>210,623</b>	<b>314,021</b>

(in thousand Baht)

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
			<i>(in thousand Baht)</i>							
<b>Indirect subsidiaries</b>										
Seascope Surveys (Thailand) Ltd.	THB 34 million	THB 34 million	30,314	27,689	(29,124)	(26,601)	1,190	1,088	-	-
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	514,912	470,316	(370,377)	-	144,535	470,316	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	7,218	6,593	-	-	7,218	6,593	-	-
Mermaid Offshore Services Pte. Ltd.	USD 20,400 thousand	USD 20,400 thousand	736,207	672,445	(736,207)	-	-	672,445	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	225,734	206,184	(225,734)	-	-	206,184	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	300,762	274,714	(300,762)	-	-	274,714	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	5,919	5,406	(5,919)	(5,406)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	1,444	1,319	(1,444)	-	-	1,319	-	-
MTR - 2 (Singapore) Pte. Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Mermaid International Ventures	USD 100	USD 100	3	3	-	-	3	3	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	273,768	250,057	-	-	273,768	250,057	-	-
Subtech Saudi Arabia Limited	SAR 500 thousand	SAR 500 thousand	13,930	12,724	-	-	13,930	12,724	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	1,985	1,813	-	-	1,985	1,813	-	-
<b>Total</b>			<b>2,112,196</b>	<b>1,929,263</b>	<b>(1,669,567)</b>	<b>(32,007)</b>	<b>442,629</b>	<b>1,897,256</b>	<b>-</b>	<b>-</b>

## 13 Investment properties

<b>Consolidated financial statements</b>				
<i>Note</i>	2015	2014	2015	2014
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Cost</b>				
At 1 January / 1 October	-	-	-	-
Reclassification from property, plant and equipment	14	-	54,819	-
<b>At 31 December</b>	<b>1,519</b>	<b>-</b>	<b>54,819</b>	<b>-</b>
<b>Depreciation</b>				
At 1 January / 1 October	-	-	-	-
Reclassification from property, plant and equipment	14	-	(29,593)	-
<b>At 31 December</b>	<b>(820)</b>	<b>-</b>	<b>(29,593)</b>	<b>-</b>
<b>Net book value</b>				
At 1 January / 1 October	-	-	-	-
<b>At 31 December</b>	<b>699</b>	<b>-</b>	<b>25,226</b>	<b>-</b>

<b>Separate financial statements</b>				
<i>Note</i>	2015	2014	2015	2014
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Cost</b>				
At 1 January / 1 October	-	-	-	-
Reclassification from property, plant and equipment	14	-	194,445	-
<b>At 31 December</b>	<b>5,388</b>	<b>-</b>	<b>194,445</b>	<b>-</b>
<b>Depreciation</b>				
At 1 January / 1 October	-	-	-	-
Reclassification from property, plant and equipment	14	-	(104,909)	-
<b>At 31 December</b>	<b>(2,907)</b>	<b>-</b>	<b>(104,909)</b>	<b>-</b>
<b>Net book value</b>				
At 1 January / 1 October	-	-	-	-
<b>At 31 December</b>	<b>2,481</b>	<b>-</b>	<b>89,536</b>	<b>-</b>

Investment properties were revalued as at 31 December 2015 by First Star Consultant Co., Ltd., a firm of independent professional valuer, at open market values on an existing use basis. The appraised value of investment properties was US Dollar 2.0 million (equivalent to Baht 71.1 million) and US Dollar 5.5 million (equivalent to Baht 197.8 million) in the consolidated and separate financial statements, respectively.

The Group's investment properties comprise a number of commercial properties and land, which were transferred from property, plant and equipment (see Note 14) to investment properties since they were unused or leased to third party.

## 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 independent valuer provide the fair value of the Group's investment property portfolio on an annual basis.

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.



## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## 14 Property, plant and equipment

		Consolidated financial statements								Total		
		Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	
		<i>(in thousand US Dollar)</i>										
<b>Cost</b>												
At 1 October 2014		838	4,511	1,015	98,842	2,865	1,515	336,118	29,861	1,020	69,955	546,540
Additions		-	-	11	2,149	105	-	-	1,639	8	7,410	11,322
Transfers		-	-	-	2,833	52	-	-	143	-	(3,028)	-
Disposals		-	-	-	(321)	-	(24)	-	-	-	-	(345)
Write off		-	-	-	(57)	(31)	-	-	-	-	(800)	(888)
Translation adjustments		-	-	-	(13)	-	-	-	-	-	-	(13)
<b>At 31 December 2014</b>		<b>838</b>	<b>4,511</b>	<b>1,026</b>	<b>103,433</b>	<b>2,991</b>	<b>1,491</b>	<b>336,118</b>	<b>31,643</b>	<b>1,028</b>	<b>73,537</b>	<b>556,616</b>
Additions		-	-	155	5,991	279	30	-	9,698	-	6,784	22,937
Transfers		-	-	161	2,458	1	-	-	2,558	149	(5,327)	-
Transfer to investment properties		(248)	(1,271)	-	-	-	-	-	-	-	-	(1,519)
Disposals		-	-	-	(274)	(1)	(32)	(50)	-	-	-	(357)
Write off		-	-	-	(1,468)	(43)	-	-	(1,295)	-	19	(2,787)
<b>At 31 December 2015</b>		<b>590</b>	<b>3,240</b>	<b>1,342</b>	<b>110,140</b>	<b>3,227</b>	<b>1,489</b>	<b>336,068</b>	<b>42,604</b>	<b>1,177</b>	<b>75,013</b>	<b>574,890</b>



## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## Consolidated financial statements

	Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
<i>Net book value</i>											
At 1 October 2014	838	1,984	251	53,826	586	762	231,245	16,876	664	69,955	376,987
At 31 December 2014	838	1,914	222	56,289	659	710	226,385	17,085	623	73,537	378,262
and 1 January 2015	590	1,189	362	32,023	557	538	162,542	12,724	566	3,171	214,262
At 31 December 2015											

*(in thousand US Dollar)*

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
<b>Cost</b>											
At 1 October 2014	27,129	146,036	32,859	3,199,842	92,750	49,046	10,881,249	966,699	33,021	2,264,674	17,693,305
Additions	-	-	363	70,837	3,461	-	-	54,026	264	244,256	373,207
Transfers	-	-	-	93,384	1,714	-	-	4,714	-	(99,812)	-
Disposals	-	-	-	(10,581)	-	(791)	-	-	-	-	(11,372)
Write off	-	-	-	(1,879)	(1,022)	-	-	-	-	(26,370)	(29,271)
Translation adjustments	494	2,660	598	57,859	1,689	893	198,209	17,609	601	41,252	321,864
<b>At 31 December 2014</b>	<b>27,623</b>	<b>148,696</b>	<b>33,820</b>	<b>3,409,462</b>	<b>98,592</b>	<b>49,148</b>	<b>11,079,458</b>	<b>1,043,048</b>	<b>33,886</b>	<b>2,424,000</b>	<b>18,347,733</b>
Additions	-	-	5,594	216,207	10,069	1,083	-	349,987	-	244,825	827,765
Transfers	-	-	5,810	88,706	36	-	-	92,315	5,377	(192,244)	-
Transfer to investment properties	(8,950)	(45,869)	-	-	-	-	-	-	-	-	(54,819)
Disposals	-	-	-	(9,888)	(36)	(1,155)	(1,804)	-	-	-	(12,883)
Write off	-	-	-	(52,978)	(1,552)	-	-	(46,735)	-	686	(100,579)
Translation adjustments	2,619	14,100	3,207	323,289	9,349	4,660	1,050,570	98,904	3,213	229,847	1,739,758
<b>At 31 December 2015</b>	<b>21,292</b>	<b>116,927</b>	<b>48,431</b>	<b>3,974,798</b>	<b>116,458</b>	<b>53,736</b>	<b>12,128,224</b>	<b>1,537,519</b>	<b>42,476</b>	<b>2,707,114</b>	<b>20,764,975</b>

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
<b>Depreciation</b>											
At 1 October 2014	-	(81,807)	(24,734)	(1,437,084)	(73,779)	(24,377)	(3,333,802)	(418,652)	(11,525)	-	(5,405,760)
Depreciation charge for the period	-	(2,290)	(1,308)	(74,089)	(2,748)	(1,701)	(110,496)	(50,996)	(1,603)	-	(245,231)
Disposals	-	-	-	2,538	-	791	-	-	-	-	3,329
Write off	-	-	-	1,879	1,022	-	-	-	-	-	2,901
Translation adjustments	-	(1,508)	(460)	(26,287)	(1,365)	(457)	(61,581)	(8,019)	(222)	-	(99,899)
<b>At 31 December 2014</b>	-	<b>(85,605)</b>	<b>(26,502)</b>	<b>(1,533,043)</b>	<b>(76,870)</b>	<b>(25,744)</b>	<b>(3,505,879)</b>	<b>(477,667)</b>	<b>(13,350)</b>	-	<b>(5,744,660)</b>
Depreciation charge for the year	-	(9,384)	(6,028)	(333,162)	(13,014)	(6,918)	(454,809)	(277,201)	(7,055)	-	(1,107,571)
Transfer to investment properties	-	29,593	-	-	-	-	-	-	-	-	29,593
Disposals	-	-	-	7,037	-	1,155	902	-	-	-	9,094
Write off	-	-	-	3,861	1,516	-	-	46,735	-	-	52,112
Translation adjustments	-	(8,622)	(2,837)	(163,273)	(7,989)	(2,813)	(356,880)	(60,193)	(1,645)	-	(604,252)
<b>At 31 December 2015</b>	-	<b>(74,018)</b>	<b>(35,367)</b>	<b>(2,018,580)</b>	<b>(96,357)</b>	<b>(34,320)</b>	<b>(4,316,666)</b>	<b>(768,326)</b>	<b>(22,050)</b>	-	<b>(7,365,684)</b>
<b>Impairment losses</b>											
At 1 October 2014	-	-	-	(20,233)	-	-	(61,283)	(1,716)	-	-	(83,232)
Impairment losses	-	-	-	(360)	-	-	(48,477)	(2,192)	-	-	(51,029)
Reversal of impairment losses	-	-	-	-	-	-	-	1,734	-	-	1,734
Translation adjustments	-	-	-	(371)	-	-	(1,490)	(35)	-	-	(1,896)
<b>At 31 December 2014</b>	-	-	-	<b>(20,964)</b>	-	-	<b>(111,250)</b>	<b>(2,209)</b>	-	-	<b>(134,423)</b>
Impairment losses	-	-	-	(772,587)	-	-	(1,811,076)	(305,430)	-	(2,574,523)	(5,463,616)
Reversal of impairment losses	-	-	-	430	-	-	-	-	-	-	430
Translation adjustments	-	-	-	(7,432)	-	-	(23,319)	(2,362)	-	(18,153)	(51,266)
<b>At 31 December 2015</b>	-	-	-	<b>(800,553)</b>	-	-	<b>(1,945,645)</b>	<b>(310,001)</b>	-	<b>(2,592,676)</b>	<b>(5,648,875)</b>

		Consolidated financial statements										
		Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
		<i>(in thousand Baht)</i>										
<b>Net book value</b>												
At 1 October 2014		27,129	64,229	8,125	1,742,525	18,971	24,669	7,486,164	546,331	21,496	2,264,674	12,204,313
At 31 December 2014												
and 1 January 2015		27,623	63,091	7,318	1,855,455	21,722	23,404	7,462,329	563,172	20,536	2,424,000	12,468,650
At 31 December 2015		21,292	42,909	13,064	1,155,665	20,101	19,416	5,865,913	459,192	20,426	114,438	7,732,416

### Security

As at 31 December 2015, the Group's property, plant and equipment with a net book value of US Dollar 145.1 million (2014: US Dollar 157.8 million) were registered to secure short-term and long-term facilities with financial institutions.

As at 31 December 2015, as a result of a loan agreement with a financial institution, the Group's property, plant and equipment with a net book value of US Dollar 2.5 million (2014: US Dollar 22.0 million) were restricted over entering into any transaction, unless prior written consent is given by the financial institution.

During the year 2015, the Group recognised an impairment charge of US Dollar 152.5 million (equivalent to Baht 5,463.6 million) on property, plant and equipment. Details on the impairment charge are given in Note 15.

During the year 2015, the Group presented certain vessels and tender rigs as non-current assets held for sale due to their high likelihood of sale within 12 months. As at 31 December 2015, their sales within 12 months are no longer highly likely and they have been reclassified back to property, plant and equipment.

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand US Dollar)	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>								
At 1 October 2014	838	4,511	602	68	1,794	87	-	7,900
Additions	-	-	4	2	9	-	2	17
Transfers	-	-	-	-	2	-	(2)	-
<b>At 31 December 2014 and 1 January 2015</b>	<b>838</b>	<b>4,511</b>	<b>606</b>	<b>70</b>	<b>1,805</b>	<b>87</b>	-	<b>7,917</b>
Additions	-	-	-	3	50	-	1	54
Transfers	-	-	-	-	1	-	(1)	-
Transfer to investment properties	(838)	(4,391)	(159)	-	-	-	-	(5,388)
<b>At 31 December 2015</b>	<b>-</b>	<b>120</b>	<b>447</b>	<b>73</b>	<b>1,856</b>	<b>87</b>	-	<b>2,583</b>
<b>Depreciation</b>								
At 1 October 2014	-	(2,527)	(522)	(29)	(1,567)	(85)	-	(4,730)
Depreciation charge for the period	-	(70)	(4)	(3)	(37)	(2)	-	(116)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>(2,597)</b>	<b>(526)</b>	<b>(32)</b>	<b>(1,604)</b>	<b>(87)</b>	-	<b>(4,846)</b>
Depreciation charge for the year	-	(274)	(16)	(12)	(137)	-	-	(439)
Transfer to investment properties	-	2,808	99	-	-	-	-	2,907
<b>At 31 December 2015</b>	<b>-</b>	<b>(63)</b>	<b>(443)</b>	<b>(44)</b>	<b>(1,741)</b>	<b>(87)</b>	-	<b>(2,378)</b>
<b>Net book value</b>								
At 1 October 2014	838	1,984	80	39	227	2	-	3,170
At 31 December 2014 and 1 January 2015	838	1,914	80	38	201	-	-	3,071
At 31 December 2015	-	57	4	29	115	-	-	205

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

## Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand Baht)	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>								
At 1 October 2014	27,129	146,036	19,488	2,201	58,078	2,816	-	255,748
Additions	-	-	132	66	297	-	66	561
Transfers	-	-	-	-	66	-	(66)	-
Translation adjustments	494	2,660	356	40	1,057	52	-	4,659
<b>At 31 December 2014 and 1 January 2015</b>	<b>27,623</b>	<b>148,696</b>	<b>19,976</b>	<b>2,307</b>	<b>59,498</b>	<b>2,868</b>	<b>-</b>	<b>260,968</b>
Additions	-	-	-	108	1,805	-	36	1,949
Transfers	-	-	-	-	36	-	(36)	-
Transfer to investment properties	(30,242)	(158,465)	(5,738)	-	-	-	-	(194,445)
Translation adjustments	2,619	14,100	1,894	219	5,641	272	-	24,745
<b>At 31 December 2015</b>	<b>-</b>	<b>4,331</b>	<b>16,132</b>	<b>2,634</b>	<b>66,980</b>	<b>3,140</b>	<b>-</b>	<b>93,217</b>
<b>Depreciation</b>								
At 1 October 2014	-	(81,807)	(16,898)	(939)	(50,729)	(2,752)	-	(153,125)
Depreciation charge for the period	-	(2,290)	(131)	(98)	(1,210)	(65)	-	(3,794)
Translation adjustments	-	(1,508)	(309)	(18)	(934)	(51)	-	(2,820)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>(85,605)</b>	<b>(17,338)</b>	<b>(1,055)</b>	<b>(52,873)</b>	<b>(2,868)</b>	<b>-</b>	<b>(159,739)</b>
Depreciation charge for the year	-	(9,384)	(548)	(411)	(4,692)	-	-	(15,035)
Transfer to investment properties	-	101,336	3,573	-	-	-	-	104,909
Translation adjustments	-	(8,621)	(1,674)	(122)	(5,265)	(272)	-	(15,954)
<b>At 31 December 2015</b>	<b>-</b>	<b>(2,274)</b>	<b>(15,987)</b>	<b>(1,588)</b>	<b>(62,830)</b>	<b>(3,140)</b>	<b>-</b>	<b>(85,819)</b>
<b>Net book value</b>								
At 1 October 2014	27,129	64,229	2,590	1,262	7,349	64	-	102,623
At 31 December 2014 and 1 January 2015	27,623	63,091	2,638	1,252	6,625	-	-	101,229
At 31 December 2015	-	2,057	145	1,046	4,150	-	-	7,398



## 15 Impairment losses

Impairment losses on assets are classified as follows:

	<b>Consolidated financial statements</b>	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Impairment loss on property, plant and equipment and related supplies and spare parts	155,205	5,561,911
Impairment loss on goodwill	8,070	289,196
<b>Total</b>	<b>163,275</b>	<b>5,851,107</b>
	<b>Separate financial statements</b>	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Impairment loss on investments in subsidiaries	62,096	2,225,267
<b>Total</b>	<b>62,096</b>	<b>2,225,267</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.

### *Property, plant and equipment*

During the year 2015, the Group recognised an impairment charge of US Dollar 152.5 million (equivalent to Baht 5,463.6 million) on certain offshore support vessels and tender rigs, tools and equipment, related dry-docking, and construction in progress as a result of lower recoverable amounts compared to carrying amounts.

The recoverable amounts of the property, plant and equipment were determined based on the higher of values in use and fair values less costs to sell. The fair values were determined based on data from a recognised independent valuation company. The values in use were determined using an income approach based on cash flow projections of each asset. The impairment test methodology and assumptions prepared by management were reviewed by an independent appraiser.

The key assumptions affecting cash flow projections include future utilisation rates, day rates, operating cash costs, remaining useful life and discount factor. A terminal growth rate of 0% was applied. A weighted average cost of capital ("WACC") of 10.75% was used as the discount rate in the value in use calculations. The cost of equity component was derived using the capital asset pricing model. The cost of debt was estimated based on current debt facilities of the Group.

*Goodwill*

As at 31 December 2015, goodwill and impairment loss on goodwill was allocated to the following cash-generating units (“CGU”):

*Seascope CGU*

	<b>Consolidated financial statements</b>	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
1 January 2015	8,070	266,011
Impairment loss	(8,070)	(289,196)
Translation adjustments	-	23,185
<b>31 December 2015</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. The cash flows were projected over a period of 25 years before a terminal growth rate was applied to reflect management’s estimate of the cyclic nature of day rates earned by Seascope CGU. The key assumptions used in the estimation of Seascope CGU’s value in use were as follows:

The key assumptions used in the estimation of value in use were as follows:

Key assumptions	Value	Approach used to determine the value
Discount rate	10.75%	External sources of information
Terminal value growth rate	0%	Constant inflation
EBITDA growth	Up to 4.3%	Past experience

*Mermaid Subsea Services (International) (“MSSI”) CGU*

	<b>Consolidated financial statements</b>	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
1 January 2015	2,066	68,102
Impairment loss	-	-
Translation adjustments	-	6,457
<b>31 December 2015</b>	<b>2,066</b>	<b>74,559</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 2015. The cash flows were projected over a period of 25 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:

Key assumptions	Value	Approach used to determine the value
Discount rate	10.75%	External sources of information
Terminal value growth rate	0%	Constant inflation
EBITDA growth	Up to 10.0%	Past experience

*Investments in subsidiaries*

For the year ended 31 December 2015, the Company recognised impairment loss of US Dollar 62.1 million on its investments in certain subsidiaries as a result of lower recoverable amounts compared to carrying amounts.

The recoverable amounts of subsidiaries were determined based on their values in use. The values in use were determined using an income approach based on cash flow projections of each subsidiary.

The key assumptions affecting cash flow projections include future utilisation rates, day rates, operating cash costs, and discount factor. A terminal growth rate of 0% was applied. A WACC of 10.75% was used as the discount rate in the value in use calculations. The cost of equity component was derived using the capital asset pricing model. The cost of debt was estimated based on current debt facilities of the subsidiaries.

Reportable segments to which impaired assets belong are disclosed in Note 23.

**16 Intangible assets**

	<b>Consolidated financial statements</b>	
	Computer software	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
<b><i>Cost</i></b>		
At 1 October 2014	2,088	67,596
Additions	20	659
Write off	(1)	(33)
Translation adjustments	(6)	1,033
<b>At 31 December 2014 and 1 January 2015</b>	<b>2,101</b>	<b>69,255</b>
Additions	233	8,409
Disposal	(2)	(72)
Translation adjustments	-	6,567
<b>At 31 December 2015</b>	<b>2,332</b>	<b>84,159</b>
<b><i>Amortisation</i></b>		
At 1 October 2014	(1,652)	(53,481)
Amortisation for the period	(102)	(3,337)
Write off	1	33
Translation adjustments	5	(834)
<b>At 31 December 2014 and 1 January 2015</b>	<b>(1,748)</b>	<b>(57,619)</b>
Amortisation for the year	(283)	(9,692)
Disposal	-	-
Translation adjustments	-	(5,985)
<b>At 31 December 2015</b>	<b>(2,031)</b>	<b>(73,296)</b>
<b><i>Net book value</i></b>		
At 1 October 2014	436	14,115
At 31 December 2014 and 1 January 2015	353	11,636
At 31 December 2015	301	10,863

	Separate financial statements	
	(in thousand US Dollar)	(in thousand Baht)
<b>Computer software</b>		
<b>Cost</b>		
At 1 October 2014	440	14,244
Translation adjustments	-	259
<b>At 31 December 2014 and 1 January 2015</b>	<b>440</b>	<b>14,503</b>
Addition	10	361
Translation adjustments	-	1,375
<b>At 31 December 2015</b>	<b>450</b>	<b>16,239</b>
<b>Amortisation</b>		
At 1 October 2014	(335)	(10,845)
Amortisation for the period	(8)	(262)
Translation adjustments	-	(199)
<b>At 31 December 2014 and 1 January 2015</b>	<b>(343)</b>	<b>(11,306)</b>
Amortisation for the year	(34)	(1,164)
Translation adjustments	-	(1,135)
<b>At 31 December 2015</b>	<b>(377)</b>	<b>(13,605)</b>
<b>Net book value</b>		
At 1 October 2014	105	3,399
<b>At 31 December 2014 and 1 January 2015</b>	<b>97</b>	<b>3,197</b>
<b>At 31 December 2015</b>	<b>73</b>	<b>2,634</b>

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

## 17 Deferred tax

Deferred tax assets and liabilities as at 31 December 2015 and 2014 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
	<i>(in thousand US Dollar)</i>			
Total	2,648	2,746	(2,966)	(3,496)
Set off of tax	(141)	(200)	141	200
<b>Net deferred tax assets (liabilities)</b>	<b>2,507</b>	<b>2,546</b>	<b>(2,825)</b>	<b>(3,296)</b>

	Consolidated financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Total	95,563	90,516	(107,039)	(115,238)
Set off of tax	(5,089)	(6,592)	5,089	6,592
<b>Net deferred tax assets (liabilities)</b>	<b>90,474</b>	<b>83,924</b>	<b>(101,950)</b>	<b>(108,646)</b>

	Separate financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
	<i>(in thousand US Dollar)</i>			
Total	26	25	-	-
Net deferred tax assets	<u>26</u>	<u>25</u>	<u>-</u>	<u>-</u>

	Separate financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Total	938	824	-	-
Net deferred tax assets	<u>938</u>	<u>824</u>	<u>-</u>	<u>-</u>

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

	Consolidated financial statements			
	At 1 January 2015	(Charged) / Credited to :		At 31 December 2015
		Profit or loss <i>(note 28)</i>	Other comprehensive income	
	<i>(in thousand US Dollar)</i>			
<b><i>Deferred tax assets</i></b>				
Property, plant and equipment	107	72	-	179
Provisions	707	(58)	-	649
Retirement benefits obligation	438	(80)	(32)	326
Loss carry forward	1,494	-	-	1,494
<b>Total</b>	<u>2,746</u>	<u>(66)</u>	<u>(32)</u>	<u>2,648</u>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(2,274)	62	-	(2,212)
Share of net profits of equity- accounted associates	(1,222)	468	-	(754)
<b>Total</b>	<u>(3,496)</u>	<u>530</u>	<u>-</u>	<u>(2,966)</u>
<b>Net</b>	<u>(750)</u>	<u>464</u>	<u>(32)</u>	<u>(318)</u>

## Consolidated financial statements

(Charged) / Credited to :

	At 1 January 2015	Profit or loss	Other comprehensive income <i>(note 28)</i> <i>(in thousand Baht)</i>	Translation adjustments	At 31 December 2015
<b>Deferred tax assets</b>					
Property, plant and equipment	3,527	2,466	-	467	6,460
Provisions	23,305	(1,986)	-	2,103	23,422
Retirement benefits obligation	14,438	(2,740)	(1,095)	1,162	11,765
Loss carry forward	49,246	-	-	4,670	53,916
<b>Total</b>	<b>90,516</b>	<b>(2,260)</b>	<b>(1,095)</b>	<b>8,402</b>	<b>95,563</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment	(74,958)	2,123	-	(6,993)	(79,828)
Share of net profits of equity- accounted associates	(40,280)	16,028	-	(2,959)	(27,211)
<b>Total</b>	<b>(115,238)</b>	<b>18,151</b>	<b>-</b>	<b>(9,952)</b>	<b>(107,039)</b>
<b>Net</b>	<b>(24,722)</b>	<b>15,891</b>	<b>(1,095)</b>	<b>(1,550)</b>	<b>(11,476)</b>

## Consolidated financial statements

(Charged) / Credited to :

	At 1 October 2014	Profit or loss	Other comprehensive income <i>(note 28)</i> <i>(in thousand US Dollar)</i>	At 31 December 2014
<b>Deferred tax assets</b>				
Property, plant and equipment	94	13	-	107
Provisions	212	495	-	707
Retirement benefits obligation	209	260	(31)	438
Loss carry forward	1,783	(289)	-	1,494
<b>Total</b>	<b>2,298</b>	<b>479</b>	<b>(31)</b>	<b>2,746</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(2,255)	(19)	-	(2,274)
Share of net profits of equity- accounted associates	-	(1,222)	-	(1,222)
<b>Total</b>	<b>(2,255)</b>	<b>(1,241)</b>	<b>-</b>	<b>(3,496)</b>
<b>Net</b>	<b>43</b>	<b>(762)</b>	<b>(31)</b>	<b>(750)</b>

<b>Consolidated financial statements</b>					
(Charged) / Credited to :					
	At 1 October 2014	Profit or loss	Other comprehensive income <i>(note 28)</i>	Translation adjustments	At 31 December 2014
<i>(in thousand Baht)</i>					
<b>Deferred tax assets</b>					
Property, plant and equipment	3,043	425	-	59	3,527
Provisions	6,863	16,192	-	250	23,305
Retirement benefits obligation	6,766	8,504	(1,014)	182	14,438
Loss carry forward	57,722	(9,453)	-	977	49,246
<b>Total</b>	<b>74,394</b>	<b>15,668</b>	<b>(1,014)</b>	<b>1,468</b>	<b>90,516</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment	(73,002)	(622)	-	(1,334)	(74,958)
Share of net profits of equity- accounted associates	-	(39,972)	-	(308)	(40,280)
<b>Total</b>	<b>(73,002)</b>	<b>(40,594)</b>	<b>-</b>	<b>(1,642)</b>	<b>(115,238)</b>
<b>Net</b>	<b>1,392</b>	<b>(24,926)</b>	<b>(1,014)</b>	<b>(174)</b>	<b>(24,722)</b>

<b>Separate financial statements</b>					
(Charged) / Credited to :					
	At 1 January 2015	Profit or loss	Other comprehensive income <i>(note 28)</i>	Translation adjustments	At 31 December 2015
<i>(in thousand US Dollar)</i>					
<b>Deferred tax assets</b>					
Retirement benefits obligation	25	1	-	-	26
<b>Total</b>	<b>25</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>26</b>

<b>Separate financial statements</b>					
(Charged) / Credited to :					
	At 1 January 2015	Profit or loss	Other comprehensive income <i>(note 28)</i>	Translation adjustments	At 31 December 2015
<i>(in thousand Baht)</i>					
<b>Deferred tax assets</b>					
Retirement benefits obligation	824	34	-	80	938
<b>Total</b>	<b>824</b>	<b>34</b>	<b>-</b>	<b>80</b>	<b>938</b>

	<b>Separate financial statements</b>			
	(Charged) / Credited to :			
	At 1 October 2014	Profit or loss (note 28)	Other comprehensive income	At 31 December 2014
	<i>(in thousand US Dollar)</i>			
<b>Deferred tax assets</b>				
Retirement benefits obligation	-	44	(19)	25
<b>Total</b>	<b>-</b>	<b>44</b>	<b>(19)</b>	<b>25</b>

	<b>Separate financial statements</b>				
	(Charged) / Credited to :				
	At 1 October 2014	Profit or loss	Other comprehensive income	Translation adjustments	At 31 December 2014
	<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>					
Retirement benefits obligation	-	1,440	(621)	5	824
<b>Total</b>	<b>-</b>	<b>1,440</b>	<b>(621)</b>	<b>5</b>	<b>824</b>

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

	<b>Consolidated financial statements</b>			
	2015	2014	2015	2014
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Tax losses	8,897	4,558	321,080	150,245
Impairment losses on property, plant and equipment and related supplies and spare parts	28,721	504	1,036,502	16,613
Impairment losses on goodwill	1,614	-	58,247	-
Bad and doubtful debts	42	-	1,516	-
<b>Total</b>	<b>39,274</b>	<b>5,062</b>	<b>1,417,345</b>	<b>166,858</b>

	<b>Separate financial statements</b>			
	2015	2014	2015	2014
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Impairment losses on investments in subsidiaries	14,048	1,629	506,973	53,697
Bad and doubtful debts	1,191	-	42,982	-
<b>Total</b>	<b>15,239</b>	<b>1,629</b>	<b>549,955</b>	<b>53,697</b>

As at 31 December 2015, 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 by 2023.



## 18 Interest-bearing liabilities

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b>Current</b>				
Short-term loans from financial institution				
Unsecured	3,613	-	130,388	-
<b>Short-term loans from financial institution</b>	<b>3,613</b>	<b>-</b>	<b>130,388</b>	<b>-</b>
Current portion of long-term loans from financial institutions				
Secured	97,395	5,890	3,514,849	194,152
Unsecured	6,375	3,000	230,065	98,889
<b>Current portion of long-term loans</b>	<b>103,770</b>	<b>8,890</b>	<b>3,744,914</b>	<b>293,041</b>
Current portion of finance lease liabilities	24	35	866	1,154
<b>Total current interest-bearing liabilities</b>	<b>107,407</b>	<b>8,925</b>	<b>3,876,168</b>	<b>294,195</b>
<b>Non-current</b>				
Long-term loans from financial institutions				
Secured	-	97,395	-	3,210,431
Unsecured	-	6,375	-	210,140
<b>Long-term loans</b>	<b>-</b>	<b>103,770</b>	<b>-</b>	<b>3,420,571</b>
Finance lease liabilities	17	18	614	593
<b>Total non-current interest-bearing liabilities</b>	<b>17</b>	<b>103,788</b>	<b>614</b>	<b>3,421,164</b>

The period to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2015 and 2014 were as follows:

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Within one year	107,383	8,890	3,875,302	293,041
After one year but within five years	-	51,935	-	1,711,933
After five years	-	51,835	-	1,708,638
<b>Total</b>	<b>107,383</b>	<b>112,660</b>	<b>3,875,302</b>	<b>3,713,612</b>

The Group's short-term loans from financial institution bear fixed interest rate at 5.5% per annum. The Group's long-term loans from financial institutions bear effective interest rates of 3% per annum.

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

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
At 1 January / 1 October	-	-	-	-
Increase	7,989	-	288,312	-
Decrease	(4,374)	-	(157,852)	-
Realised losses on exchange rates	(2)	-	(68)	-
Translation adjustments	-	-	(4)	-
<b>At 31 December</b>	<b>3,613</b>	<b>-</b>	<b>130,388</b>	<b>-</b>

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

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
At 1 January / 1 October	112,660	117,378	3,713,612	3,799,913
Repayments during year / period	(9,000)	(4,750)	(324,797)	(156,574)
Amortisation to profit and loss (front end fee)	110	32	3,767	1,047
Translation adjustments	-	-	352,332	69,226
<b>At 31 December</b>	<b>103,770</b>	<b>112,660</b>	<b>3,744,914</b>	<b>3,713,612</b>

The currency denomination of interest-bearing liabilities as at 31 December 2015 and 2014 were as follows:

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Currencies:				
US Dollar	103,770	112,660	3,744,914	3,713,612
Qatari Riyal	3,613	-	130,388	-
<b>Total</b>	<b>107,383</b>	<b>112,660</b>	<b>3,875,302</b>	<b>3,713,612</b>

Short-term loans for working capital were granted by a local commercial bank in Qatar. The loans bear interest at a fixed rate, were denominated in Qatari Riyal, and are guaranteed by another subsidiary within the group. The balance of the loans as at 31 December 2015 was Qatari Riyal 13.10 million.

Long-term loans for the purchase of support vessels were granted by commercial banks and were denominated in US Dollar, having a total outstanding balance of US Dollar 104.38 million as at 31 December 2015 (2014: US Dollar 113.38 million) with repayment terms within 8 to 10 years. These loans 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 loan agreements for all asset acquisitions, the Company and its subsidiaries are not allowed to create any encumbrance on the assets which are used as collateral, except for encumbrances created with the prior consent of the banks and permitted liens. The Company and its subsidiaries must comply with other conditions and restrictions stated in the term loan agreements.

#### ***Breach of loan covenants***

As at 31 December 2015, a subsidiary as the borrower had breached certain loan covenants. According to Thai Accounting Standard No. 1 (Revised 2014) - Presentation of Financial Statements, the entity has to present the liability as current if an entity has breached an undertaking under a long-term loan agreement on or before the reporting date, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. As a result, the long-term portion of loans amounting to US Dollar 92.9 million (equivalent to Baht 3,351.9 million) was presented as current liabilities as of 31 December 2015. Currently, management is discussing with the relevant banks and has the opinion that the outcome will not result in a material adverse effect.

#### ***Borrowing facilities***

The Group has the following unutilised credit facilities.

	<b>Consolidated financial statements</b>			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Fixed interest rate Qatari Riyal	2,472	-	89,211	-

#### ***Finance lease liabilities***

Finance lease liabilities as at 31 December 2015 and 2014 were payable as follows:

	<b>Consolidated financial statements</b>					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand US Dollar)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	24	-	24	35	-	35
After one year but within five years	24	(7)	17	28	(10)	18
<b>Total</b>	<b>48</b>	<b>(7)</b>	<b>41</b>	<b>63</b>	<b>(10)</b>	<b>53</b>

Consolidated financial statements						
2015			2014			
	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	866	-	866	1,154	-	1,154
After one year but within five years	867	(253)	614	923	(330)	593
<b>Total</b>	<b>1,733</b>	<b>(253)</b>	<b>1,480</b>	<b>2,077</b>	<b>(330)</b>	<b>1,747</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 of US Dollar 101.6 million (equivalent to Baht 3,666.3 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.

## 19 Other payables

Consolidated financial statements					
	Note	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Accrued project cost		18,723	11,262	675,687	371,229
Accrued consulting fee		6,557	2,440	236,633	80,430
Withholding tax payables		6,525	5,912	235,478	194,877
Accrued salary		3,885	8,406	140,204	277,087
Accrued bonus		2,959	273	106,786	8,999
Accrued operating expenses		2,605	6,598	94,011	217,490
Advance received		2,369	2,219	85,494	73,145
Non-trade accounts payable		1,720	4,749	62,072	156,541
Deferred mobilisation revenue		1,554	816	56,082	26,898
Output tax awaiting invoice		663	1,321	23,927	43,544
Payables to related parties	5	8	4	289	132
Others		5,125	1,557	184,953	51,323
<b>Total</b>		<b>52,693</b>	<b>45,557</b>	<b>1,901,616</b>	<b>1,501,695</b>

	Note	Separate financial statements			
		2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Payables to related parties	5	35,372	35,362	1,276,526	1,165,638
Accrued bonus		352	52	12,703	1,714
Accrued consulting fee		273	573	9,852	18,888
Others		633	944	22,844	31,118
<b>Total</b>		<b>36,630</b>	<b>36,931</b>	<b>1,321,925</b>	<b>1,217,358</b>

## 20 Employee benefit obligations

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b>Statement of financial position obligations for:</b>				
Post-employment benefits				
Retirement benefit	2,997	2,899	108,158	95,560
<b>Total</b>	<b>2,997</b>	<b>2,899</b>	<b>108,158</b>	<b>95,560</b>

	Consolidated financial statements			
	Year ended 31 December 2015 (in thousand US Dollar)	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 (in thousand Baht)	Period from 1 October 2014 to 31 December 2014
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Retirement benefit	1,102	227	37,741	7,425
<b>Total</b>	<b>1,102</b>	<b>227</b>	<b>37,741</b>	<b>7,425</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial gains recognised in the year	131	-	4,486	-
Cumulative actuarial gain recognised	471	340	15,446	10,960

	Separate financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b>Statement of financial position obligations for:</b>				
Post-employment benefits				
Retirement benefit	103	131	3,717	4,318
<b>Total</b>	<b>103</b>	<b>131</b>	<b>3,717</b>	<b>4,318</b>

	<b>Separate financial statements</b>			
	Period from		Period from	
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	1 October 2014 to 31 December 2014
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Retirement benefit	26	8	890	262
<b>Total</b>	<b>26</b>	<b>8</b>	<b>890</b>	<b>262</b>
<b>Recognised in other comprehensive income:</b>				
Cumulative actuarial gain recognised	94	94	3,030	3,030

#### *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>			
	2015		2014	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Present value of unfunded obligations	3,468	3,239	123,604	106,520
Actuarial gains	(471)	(340)	(15,446)	(10,960)
<b>Statement of financial position obligation</b>	<b>2,997</b>	<b>2,899</b>	<b>108,158</b>	<b>95,560</b>

	<b>Separate financial statements</b>			
	2015		2014	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Present value of unfunded obligations	197	225	6,747	7,348
Actuarial gains	(94)	(94)	(3,030)	(3,030)
<b>Statement of financial position obligation</b>	<b>103</b>	<b>131</b>	<b>3,717</b>	<b>4,318</b>

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Defined benefit obligations at 1 January / 1 October	2,899	2,721	95,560	88,088
<b>Include in profit or loss:</b>				
Current service costs	1,087	223	37,227	7,294
Interest on obligation	15	4	514	131
	<b>1,102</b>	<b>227</b>	<b>37,741</b>	<b>7,425</b>
<b>Include in other comprehensive income:</b>				
Actuarial gains	(131)	-	(4,486)	-
<b>Others:</b>				
Reverse	(541)	-	(18,528)	-
Benefits paid	(332)	(49)	(11,370)	(1,603)
Translation adjustments	-	-	9,241	1,650
	<b>(1,004)</b>	<b>(49)</b>	<b>(25,143)</b>	<b>47</b>
<b>Defined benefit obligations at 31 December</b>	<b>2,997</b>	<b>2,899</b>	<b>108,158</b>	<b>95,560</b>

	Separate financial statements			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Defined benefit obligations at 1 January / 1 October	131	123	4,318	3,982
<b>Include in profit or loss:</b>				
Current service costs	23	7	787	229
Interest on obligation	3	1	103	33
	<b>26</b>	<b>8</b>	<b>890</b>	<b>262</b>
<b>Others:</b>				
Benefits paid	(54)	-	(1,849)	-
Translation adjustments	-	-	358	74
	<b>(54)</b>	<b>-</b>	<b>(1,491)</b>	<b>74</b>
<b>Defined benefit obligations at 31 December</b>	<b>103</b>	<b>131</b>	<b>3,717</b>	<b>4,318</b>

Actuarial gains recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Experience adjustment	131	-	4,486	-
<b>Total</b>	<b>131</b>	<b>-</b>	<b>4,486</b>	<b>-</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>	
	2015	2014	2015	2014
			%	
Discount rate	3.80 – 9.10	3.80 – 8.40	3.80	3.80
Future salary increases	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00
Mortality rate	0.08 – 1.03	0.08 – 1.03	0.08 – 1.03	0.08 – 1.03
Resignation rate	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00

Assumptions regarding future mortality 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>			
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Defined benefit obligation</b>	Increase	Decrease	Increase	Decrease
<b>31 December 2015</b>				
Discount rate (1% movement)	(9)	12	(325)	433
Future salary increase (1% movement)	31	(16)	1,119	(577)
Turnover rate (20% movement)	(8)	11	(289)	397



Defined benefit obligation 31 December 2015	Separate financial statements			
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1)	2	(36)	72
Future salary increase (1% movement)	3	(2)	108	(72)
Turnover rate (20% movement)	(4)	5	(144)	180

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.

## 21 Share capital

### *Issue and listing of placement shares*

During the period from 1 October 2014 to 31 December 2014, 247,819 ordinary shares were issued as a result of the exercise of vested options arising from the 2011 share option programme granted to key management.

	Par value per share <i>(in Baht)</i>	2015 <i>(in thousand Baht/thousand shares)</i>	2014
<i>Authorised</i>			
At 1 January / 1 October			
- ordinary shares	1	1,416,701	1,416,701
At 31 December			
- ordinary shares	1	1,416,701	1,416,701
<i>Issued and paid</i>			
At 1 January / 1 October			
- ordinary shares	1	1,413,329	1,413,081
Increase of new shares	1	-	248
At 31 December			
- ordinary shares	1	1,413,329	1,413,329

### *Premium on share capital*

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

	2015 <i>(in thousand Baht)</i>	2014
At 1 January / 1 October	13,558,613	13,557,016
Increase of new shares	-	1,597
<b>At 31 December</b>	<b>13,558,613</b>	<b>13,558,613</b>

## 22 Reserves

### Legal reserve

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

### *Other components of equity*

#### Currency translation differences

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

#### Difference arising from common control transactions

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

## 23 Segment information

The Group has 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



## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements as at 31 December 2015					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
Interest-bearing liabilities	107,424	-	-	107,424	-	107,424
Unallocated liabilities	<b>107,424</b>	-	-	<b>107,424</b>	-	<b>107,424</b>
<b>Total liabilities</b>						<b>178,766</b>
Capital expenditure	20,723	2,384	63	23,170	-	23,170
Depreciation	24,784	7,117	439	32,340	-	32,340
Amortisation	248	1	34	283	-	283
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	38	(11)	-	27	-	27
Impairment losses on property, plant and equipment and related supplies and spare parts	71,404	83,801	-	155,205	-	155,205
Impairment losses on goodwill	8,070	-	-	8,070	-	8,070

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Consolidated financial statements for the period from 1 October 2014 to 31 December 2014					
Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
94,711	4,562	-	99,273	(383)	98,890
3,934	445	(3,097)	1,282	(381)	901
153	-	6,873	7,026	-	7,026
(1,196)	(21)	-	(1,217)	358	(859)
(1,100)	(59)	(1,567)	(2,726)	-	(2,726)
<b>1,791</b>	<b>365</b>	<b>2,209</b>	<b>4,365</b>	<b>(23)</b>	<b>4,342</b>
Revenue from rendering of services					
Operating profit (loss)					
Share of profit of investment in associates and joint venture					
Finance costs					
Income tax expense					
Profit for the period					
Consolidated financial statements as at 31 December 2014					
Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
27,397	3,769	58,242	89,408	-	89,408
108,042	3,054	-	111,096	(317)	110,779
415	-	138,248	138,663	-	138,663
287,338	87,853	3,071	378,262	-	378,262
<b>423,192</b>	<b>94,676</b>	<b>199,561</b>	<b>717,429</b>	<b>(317)</b>	<b>717,112</b>
Cash and cash equivalents					
Trade accounts receivable					
Investment in associates and joint venture					
Property, plant and equipment					
Unallocated assets					
<b>Total assets</b>					<b>46,240</b>
					<b>763,352</b>

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements as at 31 December 2014					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
Interest-bearing liabilities	112,713	-	-	112,713	-	112,713
Unallocated liabilities	<b>112,713</b>	-	-	<b>112,713</b>	-	<b>112,713</b>
<b>Total liabilities</b>						<b>84,705</b>
Capital expenditure	10,640	685	17	11,342	-	11,342
Depreciation	5,568	1,813	116	7,497	-	7,497
Amortisation	94	-	8	102	-	102
Gain on disposal and write-off property, plant and equipment and intangible asset	167	-	-	167	-	167
Impairment losses (reversal) on property, plant and equipment	1,560	(47)	-	1,513	-	1,513

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Consolidated financial statements for the year ended 31 December 2015						
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Revenue from rendering of services	11,526,440	1,849	-	11,528,289	(993)	11,527,296
Operating loss	(2,484,314)	(3,287,581)	(526,627)	(6,298,522)	(24,076)	(6,322,598)
Share of profit (loss) of investments in associates and joint venture	22,638	-	(1,747,421)	(1,724,783)	-	(1,724,783)
Finance costs	(140,895)	-	-	(140,895)	24,110	(116,785)
Income tax (expense) benefit	1,507	(2,980)	(16,644)	(18,117)	-	(18,117)
Loss for the year	<b>(2,601,064)</b>	<b>(3,290,561)</b>	<b>(2,290,692)</b>	<b>(8,182,317)</b>	<b>34</b>	<b>(8,182,283)</b>
Consolidated financial statements as at 31 December 2015						
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Cash and cash equivalents	1,166,889	70,734	834,260	2,071,883	-	2,071,883
Trade accounts receivable	4,142,430	-	-	4,142,430	-	4,142,430
Investments in associates and joint venture	38,831	-	2,660,488	2,699,319	-	2,699,319
Property, plant and equipment	7,587,087	73,657	71,672	7,732,416	-	7,732,416
Unallocated assets	<b>12,935,237</b>	<b>144,391</b>	<b>3,566,420</b>	<b>16,646,048</b>	-	<b>16,646,048</b>
<b>Total assets</b>						<b>1,391,215</b>
						<b>18,037,263</b>

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements as at 31 December 2015			
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total
Interest-bearing liabilities	3,876,782	-	-	3,876,782
Unallocated liabilities	<b>3,876,782</b>	-	-	<b>3,876,782</b>
<b>Total liabilities</b>				<b>6,451,415</b>
Capital expenditure	747,865	86,035	2,274	836,174
Depreciation	848,795	243,741	15,035	1,107,571
Amortisation	8,494	34	1,164	9,692
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	1,302	(377)	-	925
Impairment losses on property, plant and equipment and related supplies and spare parts	2,558,825	3,003,086	-	5,561,911
Impairment losses on goodwill	289,196	-	-	289,196
				836,174
				1,107,571
				9,692
				-
				925
				-
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				289,196
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## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Consolidated financial statements for the period from 1 October 2014 to 31 December 2014					
Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
3,098,044	149,225	-	3,247,269	(12,528)	3,234,741
128,683	14,556	(101,305)	41,934	(12,463)	29,471
5,005	-	224,819	229,824	-	229,824
(39,121)	(687)	-	(39,808)	11,710	(28,098)
(35,982)	(1,930)	(51,257)	(89,169)	-	(89,169)
<b>58,585</b>	<b>11,939</b>	<b>72,257</b>	<b>142,781</b>	<b>(753)</b>	<b>142,028</b>
Revenue from rendering of services					
Operating profit (loss)					
Share of profit of investments in associates and joint venture					
Finance costs					
Income tax expense					
Profit for the period					
Consolidated financial statements as at 31 December 2014					
Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
903,087	124,238	1,919,831	2,947,156	-	2,947,156
3,561,388	100,669	-	3,662,057	(10,449)	3,651,608
13,680	-	4,557,069	4,570,749	-	4,570,749
9,471,523	2,895,898	101,229	12,468,650	-	12,468,650
<b>13,949,678</b>	<b>3,120,805</b>	<b>6,578,129</b>	<b>23,648,612</b>	<b>(10,449)</b>	<b>23,638,163</b>
Cash and cash equivalents					
Trade accounts receivable					
Investments in associates and joint venture					
Property, plant and equipment					
Unallocated assets					
<b>Total assets</b>					<b>1,524,209</b>
					<b>25,162,372</b>

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

	Consolidated financial statements as at 31 December 2014					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Interest-bearing liabilities	3,715,359	-	-	3,715,359	-	3,715,359
Unallocated liabilities	<b>3,715,359</b>	-	-	<b>3,715,359</b>	-	<b>3,715,359</b>
						2,792,131
<b>Total liabilities</b>						<b>6,507,490</b>
Capital expenditure	350,726	22,580	560	373,866	-	373,866
Depreciation	182,133	59,304	3,794	245,231	-	245,231
Amortisation	3,075	-	262	3,337	-	3,337
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	5,463	-	-	5,463	-	5,463
Impairment losses (reversal) on property, plant and equipment	51,029	(1,538)	-	49,491	-	49,491

**Geographical information**

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

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

	<b>Revenue from rendering of services</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Saudi Arabia	176,555	43,617	6,046,603	1,426,733
Thailand	56,923	17,087	1,949,482	558,924
Qatar	48,501	9,293	1,661,048	303,978
Indonesia	41,779	12,914	1,430,835	422,423
Russia	4,962	733	169,937	23,979
Singapore	4,247	489	145,450	15,996
UK	2,009	14,757	68,804	482,708
Other countries	1,610	-	55,137	-
<b>Total</b>	<b>336,586</b>	<b>98,890</b>	<b>11,527,296</b>	<b>3,234,741</b>

	<b>Assets</b>			
	2015 <i>(in thousand US Dollar)</i>	2014	2015 <i>(in thousand Baht)</i>	2014
Thailand	177,524	390,979	6,406,593	12,887,842
Saudi Arabia	86,729	120,991	3,129,928	3,988,226
Cayman	80,527	138,250	2,906,107	4,557,135
Singapore	79,518	79,826	2,869,693	2,631,304
Qatar	49,846	11,879	1,798,872	391,567
Indonesia	24,838	21,409	896,369	705,705
Other countries	823	18	29,701	593
<b>Total</b>	<b>499,805</b>	<b>763,352</b>	<b>18,037,263</b>	<b>25,162,372</b>

**Major customer**

Revenues from the major customer of the Group's Segments Subsea represents approximately US Dollar 131.9 million (*for the period from 1 October 2014 to 31 December 2014: US Dollar 42.6 million*) of the Group's total revenues.

## 24 Cost of rendering of services

	Consolidated financial statements			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Crew, staff and subcontractor costs	94,205	28,311	3,226,305	926,066
Vessel expenses and repair and maintenance expenses	80,282	17,176	2,749,474	561,835
Charter hire and equipment rental	61,624	23,879	2,110,480	781,095
Depreciation	31,238	7,248	1,069,830	237,086
Recharge expenses related to services provided	19,307	4,457	661,220	145,791
Mobilisation/demobilisation expense	16,649	5,209	570,190	170,389
Others	226	238	7,740	7,785
<b>Total</b>	<b>303,531</b>	<b>86,518</b>	<b>10,395,239</b>	<b>2,830,047</b>

## 25 Administrative expenses

	Consolidated financial statements			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Employee benefit expense	27,488	5,398	941,401	176,571
Withholding tax not recoverable	12,926	2,034	442,686	66,533
Depreciation	1,102	249	37,741	8,145
Office and office equipment rental	1,052	208	36,029	6,804
Consulting fees	482	616	16,507	20,150
Bad debts	188	-	6,785	-
Others	5,772	2,123	197,333	69,444
<b>Total</b>	<b>49,010</b>	<b>10,628</b>	<b>1,678,482</b>	<b>347,647</b>

	<b>Separate financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Employee benefit expense	3,760	658	128,771	21,524
Bad debt expense	5,956	-	214,943	-
Depreciation	439	116	15,035	3,794
Consulting fees	185	493	6,336	16,126
Office and office equipment rental	89	29	3,048	949
Others	1,477	513	39,619	16,780
<b>Total</b>	<b>11,906</b>	<b>1,809</b>	<b>407,752</b>	<b>59,173</b>

## 26 Employee benefit expense

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Crew expenses and subcontractor	94,205	28,311	3,226,305	926,066
Wages, salaries and bonus	20,928	3,424	716,736	112,001
Staff welfare	4,458	1,126	152,676	36,832
Contribution to defined contribution plans and social security and expenses related to define benefit plans	1,301	605	44,556	19,790
Equity-settled share-based payment transactions	-	3	-	98
Others	801	240	27,433	7,850
<b>Total</b>	<b>121,693</b>	<b>33,709</b>	<b>4,167,706</b>	<b>1,102,637</b>

	<b>Separate financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Wages, salaries and bonus	2,848	423	97,537	13,838
Staff welfare	342	106	11,713	3,467
Contribution to defined contribution plans and social security and expenses related to define benefit plans	164	41	5,617	1,341
Equity-settled share-based payment transactions	-	3	-	98
Others	406	85	13,904	2,780
<b>Total</b>	<b>3,760</b>	<b>658</b>	<b>128,771</b>	<b>21,524</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.

## 27 Finance costs

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b><i>Interest expenses:</i></b>				
Bank loans	3,294	825	112,813	26,986
<b>Total interest expense</b>	<b>3,294</b>	<b>825</b>	<b>112,813</b>	<b>26,986</b>
Amortisation of front-end fees	110	32	3,767	1,047
Interest expense from finance lease	6	2	205	65
<b>Total</b>	<b>3,410</b>	<b>859</b>	<b>116,785</b>	<b>28,098</b>

## 28 Income tax expense

*Income tax recognised in profit or loss*

	Consolidated financial statements			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b>Current tax expense</b>				
Adjustment for prior year	(26)	-	(890)	-
Current taxes	1,019	1,964	34,898	64,243
	<b>993</b>	<b>1,964</b>	<b>34,008</b>	<b>64,243</b>
<b>Deferred tax expense</b>				
Deferred taxes	17 (464)	762	(15,891)	24,926
<b>Total</b>	<b>529</b>	<b>2,726</b>	<b>18,117</b>	<b>89,169</b>

	Separate financial statements			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
<b>Current tax expense</b>				
Current taxes	754	90	25,823	2,945
	<b>754</b>	<b>90</b>	<b>25,823</b>	<b>2,945</b>
<b>Deferred tax expense</b>				
Deferred taxes	17 (1)	(44)	(34)	(1,440)
<b>Total</b>	<b>753</b>	<b>46</b>	<b>25,789</b>	<b>1,505</b>

*Income tax recognised in other comprehensive income*

	Consolidated financial statements					
	Year ended 31 December 2015			Period from 1 October 2014 to 31 December 2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	131	(32)	99	-	(31)	(31)
<b>Total</b>	<b>131</b>	<b>(32)</b>	<b>99</b>	<b>-</b>	<b>(31)</b>	<b>(31)</b>

*(in thousand US Dollar)*

**Consolidated financial statements**

	Year ended 31 December 2015			Period from 1 October 2014 to 31 December 2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	4,486	(1,095)	3,391	-	(1,014)	(1,014)
<b>Total</b>	<b>4,486</b>	<b>(1,095)</b>	<b>3,391</b>	<b>-</b>	<b>(1,014)</b>	<b>(1,014)</b>

**Separate financial statements**

	Year ended 31 December 2015			Period from 1 October 2014 to 31 December 2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	-	(19)	(19)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19)</b>	<b>(19)</b>

**Separate financial statements**

	Year ended 31 December 2015			Period from 1 October 2014 to 31 December 2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	-	(621)	(621)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(621)</b>	<b>(621)</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>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Profit (loss) before income tax – accounting	(230,814)	7,068	(8,164,166)	231,197
Tax at the domestic rate of 20%	(46,163)	1,414	(1,632,833)	46,240
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	8,669	(155)	296,892	(5,070)
Income not subject to tax and additional taxable expenses	(1,292)	(2,814)	(44,248)	(92,034)
Expenses not deductible for tax purposes	(458)	2,280	(15,685)	74,580
Utilisation of previously unrecognised tax losses	(1,402)	(79)	(48,015)	(2,584)
Tax losses and temporary differences for which no deferred income tax were recognised	39,636	496	1,409,298	16,224
Adjustments in respect of prior year	(25)	-	(856)	-
Remeasurement of loss on exchange rate of US Dollar financial statement	1,835	517	62,845	16,911
Remeasurement of loss (gain) on exchange rate of Thai Baht financial statement	(335)	30	(11,473)	981
Tax charges from overseas operations	64	1,037	2,192	33,921
Total income tax expense	529	2,726	18,117	89,169
The average effective tax rate	0%	39%	0%	39%

	<b>Separate financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht)</i>	Period from 1 October 2014 to 31 December 2014
Profit (loss) before income tax – accounting	(82,534)	4,871	(2,925,221)	159,333
Tax at the domestic rate of 20%	(16,507)	974	(585,044)	31,867
Adjustments:				
Income not subject to tax and additional taxable expense	(1,171)	(2,097)	(40,103)	(68,594)
Tax losses and temporary differences for which no deferred income tax were recognised	13,610	-	485,829	-
Expenses not deductible for tax purposes	(2)	26	(69)	844
Remeasurement of loss on exchange rate of US Dollar financial statement	4,252	947	145,621	30,977
Remeasurement of loss on exchange rate of Thai Baht financial statement	571	196	19,555	6,411
Total income tax expense	753	46	25,789	1,505
The average effective tax rate	(1%)	1%	(1%)	1%

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

#### *Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction of the corporate income tax rate to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the statutory corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

## 29 Promotional privileges

As at 31 December 2015, 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.

## 30 Earnings (losses) per share

### *Basic earnings (losses) per share*

The calculations of basic earnings (losses) per share for the year ended 31 December 2015 and for the period from 1 October 2014 to 31 December 2014 were based on the profit (loss) for the year / period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year / period as follows:

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar/ thousand shares)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht/ thousand shares)</i>	Period from 1 October 2014 to 31 December 2014
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b>(229,112)</b>	<b>4,323</b>	<b>(8,102,998)</b>	<b>141,407</b>
Number of ordinary shares outstanding at 1 January / 1 October	1,413,329	1,413,081	1,413,329	1,413,081
Effect of shares options exercised	-	73	-	73
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,413,329</b>	<b>1,413,154</b>	<b>1,413,329</b>	<b>1,413,154</b>
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
<b>Earnings (losses) per share (basic)</b>	<b>(0.162)</b>	<b>0.003</b>	<b>(5.733)</b>	<b>0.100</b>

	<b>Separate financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar/ thousand shares)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht/ thousand shares)</i>	Period from 1 October 2014 to 31 December 2014
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b>(83,287)</b>	<b>4,825</b>	<b>(2,951,010)</b>	<b>157,828</b>
Number of ordinary shares outstanding at 1 January / 1 October	1,413,329	1,413,081	1,413,329	1,413,081
Effect of shares options exercised	-	73	-	73
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,413,329</b> <i>(in US dollar)</i>	<b>1,413,154</b>	<b>1,413,329</b> <i>(in Baht)</i>	<b>1,413,154</b>
<b>Earnings (losses) per share (basic)</b>	<b>(0.059)</b>	<b>0.003</b>	<b>(2.088)</b>	<b>0.112</b>

#### *Diluted earnings (losses) per share*

The calculations of diluted earnings (losses) per share for the year ended 31 December 2015 and for the period from 1 October 2014 to 31 December 2014 were based on the profit (loss) for the year / period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year / period after adjusting for the effects of all dilutive potential ordinary shares as follows:

	<b>Consolidated financial statements</b>			
	Year ended 31 December 2015 <i>(in thousand US Dollar/ thousand shares)</i>	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015 <i>(in thousand Baht/ thousand shares)</i>	Period from 1 October 2014 to 31 December 2014
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b>(229,112)</b>	<b>4,323</b>	<b>(8,102,998)</b>	<b>141,407</b>
Weighted average number of ordinary shares outstanding (basic)	1,413,329	1,413,154	1,413,329	1,413,154
Effect from employee share option plan	23	107	23	107
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>1,413,352</b>	<b>1,413,261</b>	<b>1,413,352</b>	<b>1,413,261</b>

<b>Consolidated financial statements</b>				
	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
<b>Earnings (losses) per share (diluted)</b>	<b>(0.162)</b>	<b>0.003</b>	<b>(5.733)</b>	<b>0.100</b>
<b>Separate financial statements</b>				
	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014	Year ended 31 December 2015	Period from 1 October 2014 to 31 December 2014
	<i>(in thousand US Dollar/ thousand shares)</i>		<i>(in thousand Baht/ thousand shares)</i>	
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b>(83,287)</b>	<b>4,825</b>	<b>(2,951,010)</b>	<b>157,828</b>
Weighted average number of ordinary shares outstanding (basic)	1,413,329	1,413,154	1,413,329	1,413,154
Effect from employee share option plan	23	107	23	107
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>1,413,352</b>	<b>1,413,261</b>	<b>1,413,352</b>	<b>1,413,261</b>
	<i>(in US dollar)</i>		<i>(in Baht)</i>	
<b>Earnings (losses) per share (diluted)</b>	<b>(0.059)</b>	<b>0.003</b>	<b>(2.088)</b>	<b>0.112</b>

### 31 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2015, the shareholders approved the appropriation of dividend of US Dollar 0.0040 per share or equivalent to Baht 0.1279 per share, amounting to US Dollar 5.7 million or equivalent to Baht 180.8 million. The dividend was paid to the Company's shareholders on 20 May 2015.

At the annual general meeting of the shareholders of the Company held on 27 January 2015, the shareholders approved the appropriation of dividend of US Dollar 0.0047 per share or equivalent to Baht 0.1542 per share, amounting to US Dollar 6.6 million or equivalent to Baht 217.9 million. The dividend was paid to the Company's shareholders on 23 February 2015.

At the annual general meeting of the shareholders of the Company held on 28 January 2014, the shareholders approved the appropriation of dividend of US Dollar 0.0086 per share or equivalent to Baht 0.2630 per share, amounting to US Dollar 12.15 million or equivalent to Baht 371.6 million. The dividend was paid to the Company's shareholders on 21 February 2014.

## 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 18).

### *Foreign currency risk*

A substantial part of the assets and liabilities of the Group are recognised in USD, the functional currency of the Group. These assets and liabilities are translated into THB for presentation purposes. The translation into THB does not imply that the assets and liabilities recognised in USD can be recovered or settled in the future at exchange rates similar to the exchange rate prevailing at the current reporting date.

At 31 December 2015 and 2014, 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	
	2015	2014	2015	2014
<b><i>Thai Baht</i></b>	<i>(in thousand US Dollar)</i>			
Cash and cash equivalents	15,657	5,581	1,898	4,508
Trade accounts receivable	160	269	-	-
Receivables from related parties	-	-	113,248	100,098
Short-term loans to related parties	-	-	118,458	123,957
Trade accounts payable	(428)	(1,533)	-	-
Other payables	(2,927)	(1,338)	(1,270)	(97)
<b>Gross balance sheet exposure</b>	<b>12,462</b>	<b>2,979</b>	<b>232,334</b>	<b>228,466</b>
<b><i>Singapore Dollar</i></b>				
Cash and cash equivalents	87	73	-	1
Trade accounts receivable	6	-	-	-
Trade accounts payable	(505)	(610)	-	-
Other payables	(252)	(129)	-	(10)
<b>Gross balance sheet exposure</b>	<b>(664)</b>	<b>(666)</b>	<b>-</b>	<b>(9)</b>
<b><i>Qatari Dollar</i></b>				
Cash and cash equivalents	751	-	-	-
Trade accounts receivable	51	-	-	-
Short-term loans	(3,613)	-	-	-
Trade accounts payable	(102)	-	-	-
Other payables	(1,683)	(897)	-	-
<b>Gross balance sheet exposure</b>	<b>(4,596)</b>	<b>(897)</b>	<b>-</b>	<b>-</b>
<b><i>Indonesian Rupiah</i></b>				
Cash and cash equivalents	133	207	-	-
Trade accounts receivable	54	-	-	-
Trade accounts payable	(1,224)	(593)	-	-
Other payables	-	(578)	-	-
Finance lease liabilities	(37)	-	-	-
<b>Gross balance sheet exposure</b>	<b>(1,074)</b>	<b>(964)</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.

**Fair values of financial assets and liabilities**

As at 31 December 2015 and 2014, except for investment properties disclosed in Note 13 and loans from financial institutions disclosed in Note 18, 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 2015 and 2014, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements							
	2015				2014			
	thousand Baht	thousand USD	thousand AED	thousand QAR	thousand Baht	thousand USD	thousand AED	thousand QAR
Letters of guarantee issued by financial institutions in the normal course of business	15,600	27,927	-	-	19,650	26,460	50	-
Guarantee for short-term borrowing of subsidiaries to financial institutions	-	-	-	13,100	-	-	-	-
Guarantee for long-term loans of subsidiaries to financial institutions	-	104,375	-	-	-	113,375	-	-

	Separate financial statements			
	2015		2014	
	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	-	104,375	-	113,375



### 34 Commitments with non-related parties

#### (a) Capital commitments

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
Purchasing of diving equipment	2,042	2,763	73,693	91,077
Purchasing of tender rigs	254,000	254,000	9,166,504	8,372,602
Purchasing of DSV	117,600	117,600	4,244,019	3,876,449
Other	-	34	-	1,121
<b>Total</b>	<b>373,642</b>	<b>374,397</b>	<b>13,484,216</b>	<b>12,341,249</b>

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

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

	Consolidated financial statements			
	2015 (in thousand US Dollar)	2014	2015 (in thousand Baht)	2014
<b>Non-cancellable operating lease commitments</b>				
Within one year	8,275	30,351	298,633	1,000,460
After one year but within five years	-	70,313	-	2,317,727
<b>Total</b>	<b>8,275</b>	<b>100,664</b>	<b>298,633</b>	<b>3,318,187</b>

In February 2012, a subsidiary entered into the agreement with a local third party company for a vessel time charter for the period of 2 years with effective date of 29 February 2012. The contract has been extend for years to 28 February 2016.

In June 2013, a subsidiary entered into the agreement with a local third party company for a vessel time charter for the period of 3 years with the option for a two-year extension period. The vessel delivery date was 1 December 2013.

In October 2014, a subsidiary entered into the agreement with its local third party company for a vessel time charter for the period of 5 years with the option for a five-year extension period. The vessel delivery date was 14 December 2014.

During the year 2015, the Group successfully negotiated to early terminate the chartering contracts for certain chartered-in vessels without incurring any surcharge.

#### (c) Other commitments

As at 31 December 2015, the Group had commitments on procurement commission of a new drilling unit of US Dollar 2.0 million (2014: US Dollar 2.0 million).

### 35 Share-based payments

The Company had two share option schemes in operation during the financial year, all of which are equity-settled schemes:

- i) Employee share option plan 2010 (“ESOP 2010”) was approved by the Company’s shareholders on 28 January 2010. This scheme permits the grant of options in respect of ordinary shares to the Group’s senior management. Options are normally exercisable every six months commencing from the third anniversary from the date of grant of the option and will expire on the fifth anniversary from the date of grant of the options, upon which the options shall expire automatically. No further options will be granted under this scheme.
- ii) Employee share option plan 2011 (“ESOP 2011”) was approved by the Company’s shareholders on 25 January 2011. This scheme permits the grant of options in respect of ordinary shares to the Group’s senior management. Options are normally exercisable every six months commencing from the third anniversary from the date of grant of the option and will expire on the fifth anniversary from the date of grant of the options, upon which the options shall expire automatically. No further options will be granted under this scheme.

Share options are granted to the selected executive directors and non-executive directors. The exercise price of the granted options is equal to the average of the “Market Price”, being the price equal to the weighted average price for the shares on SGX-ST fifteen consecutive trading days immediately preceding the date of grant. Options are conditional on the employee completing three years’ service (the vesting period). The options are exercisable starting three years from the grant date. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

None of the participants in any of the said ESOPs were granted 5% or more of the total number of options originally available in each ESOP and no options were granted at a discount. Furthermore, no directors or controlling shareholders of the Group hold options under any of the said ESOPs and no options are held by the Company’s parent company or other subsidiaries of the parent company outside the Company, nor any of its or their directors or employees.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Consolidated financial statements		Separate financial statements	
	Average exercise price SGD per share	Option Thousand shares	Average exercise price SGD per share	Option Thousand shares
At 1 October 2014	0.46	1,501	0.46	1,501
Exercised	0.21	(248)	0.21	(248)
Expired	0.72	(622)	0.72	(622)
<b>At 31 December 2014</b>	<b>0.31</b>	<b>631</b>	<b>0.31</b>	<b>631</b>
Forfeited	0.28	(124)	0.28	(124)
Expired	0.40	(270)	0.40	(270)
<b>At 31 December 2015</b>	<b>0.21</b>	<b>237</b>	<b>0.21</b>	<b>237</b>

As at 31 December 2015, the 236,643 outstanding options (2014: 631,049 options) were exercisable. The average share price for the year ended 31 December 2015 was SGD 0.23 per share (for the period from 1 October 2014 to 31 December 2014 : SGD 0.32 per share).

Share options outstanding at the end of the year / period have the following expiry dates and exercise prices:

	Consolidated financial statements			Separate financial statements		
	Exercise price SGD per share	2015 Thousand shares	2014 Thousand shares	Exercise price SGD per share	2015 Thousand shares	2014 Thousand shares
Expiry date:						
1 December 2015	0.40	-	315	0.40	-	315
15 December 2016	0.21	237	316	0.21	237	316
		<u>237</u>	<u>631</u>		<u>237</u>	<u>631</u>

The weighted average fair value of options granted during the year 2011 using the Binomial Lattice valuation model was SGD 0.09 per option. The significant inputs into the model were a weighted average share price of SGD 0.23 at the grant date, exercise price shown above, volatility of 45%, dividend yield of 0%, an expected option life of 3.85 years, and an annual risk-free interest rate of 3.015% - 3.081%.

### 36 Establishment of a multi-currency debt issuance programme

At the annual general meeting of the shareholders of the Company held on 29 April 2015, the shareholders approved the issuance of notes and perpetual security up to the aggregate principal amount of US Dollar 500 million (or its equivalent to other currencies) pursuant to a multi-currency debt issuance programme established on 8 May 2015.

### 37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits

TFRS	Topic
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 25 (revised 2015)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and is presently considering the potential initial impact on the consolidated and separate financial statements.

# THE COMPANY

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

(as at 31 December 2015)





## Mermaid Maritime Public Company Limited

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