



MERMAID MARITIME
PUBLIC COMPANY LIMITED

READY FOR
THE RISING TIDE



ANNUAL
REPORT
2016

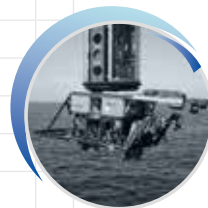


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FINANCIAL HIGHLIGHTS

(Consolidated numbers)

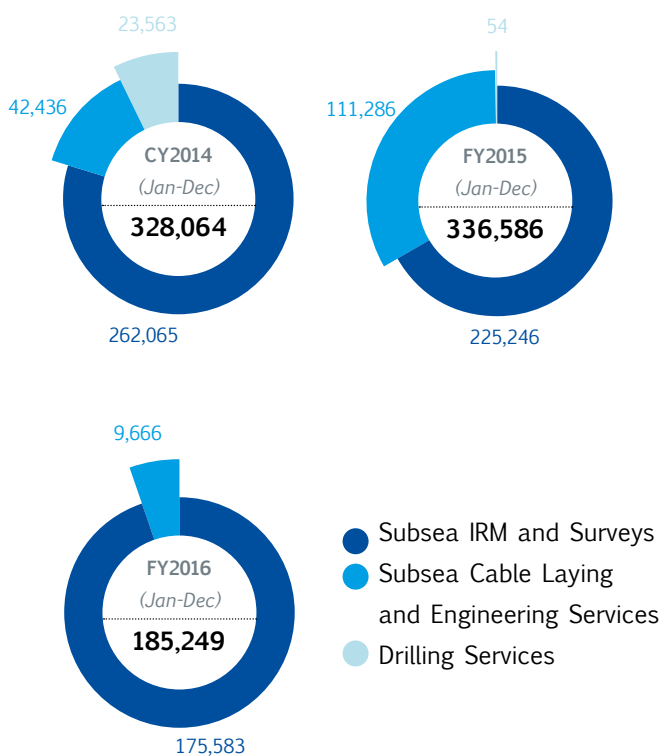
	Year Ended 31 December		
	2014 (unaudited)	2015	2016
<i>(in thousand US Dollars, except share, per share data, and ratios)</i>			
Service income	328,064	336,586	185,249
EBITDA*	45,676	18,857	27,401
Net profits (losses)	36,347	(231,343)	17,226
Normalise Profit/ (Loss)**	37,854	2,802	17,232
Book value per share	0.40	0.23	0.24
Return on shareholders' equity (%)	6.56	(52.16)	5.23
Net profits (losses) margin (%)	11.08	(68.73)	9.30
Total debt to total capitalisation (Times)	0.17	0.25	0.21
Net gearing (%)	3.4	13.8	n/a

* EBITDA excludes impairment losses

** Excludes non-recurring items

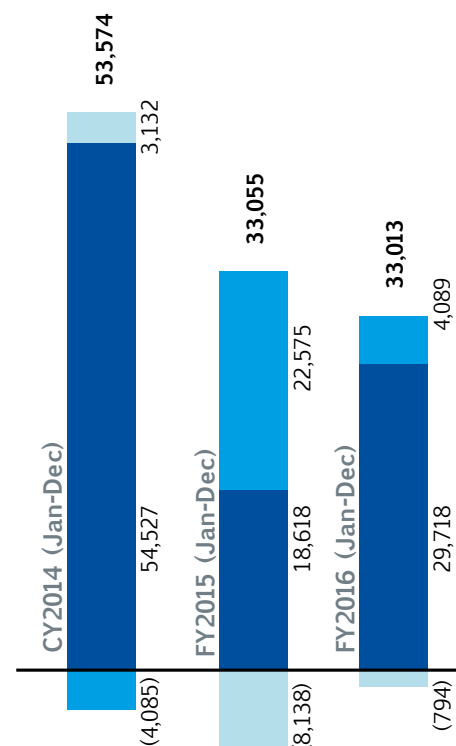
SERVICE INCOME

Unit : in thousand US Dollars



GROSS PROFIT

Unit : in thousand US Dollars



2 CHAIRMAN'S MESSAGE

PRASERT BUNSUMPUN
CHAIRMAN OF THE BOARD

DEAR VALUED SHAREHOLDERS,

It is my great pleasure to present to you our Annual Report 2016. This has been another eventful year in Mermaid's story with developments that have tested our faith and placed us on the foundations for stability and growth. At the outset, Mermaid has retained its status as a leading international specialist for subsea services incorporated in Thailand and listed on the Singapore Stock Exchange with operations bases in various locations in South East Asia and the Middle East. Our business model is centered on owning, chartering-in and operating a diversified portfolio of specialist vessels, barges and rigs and providing a complete suite of turnkey services. Our quality customer base and stable contract backlog provides earnings visibility and our operational performance and proven track record has given us premium status amongst our peers.





POSITIVE RESULTS IN THE FACE OF A DIFFICULT MARKET

In 2016, the overall drop in oil price and its continued volatility led to a survival mindset for many industry players. In response, oil companies slashed budgets with non-essential projects put on hold or cancelled and essential projects subject to scope and cost reductions. The flow down effect had hit contractors hard, with many experiencing sinking charter rates, vessel and rig layoffs and personnel layoffs and some eventually ending up going bust in the process. Cost reduction strategies implemented across the industry reduced its cost structure that, while not leading to substantial profits, seemed to offer some a path to survival.

In 2016, Mermaid focused on pursuing corporate strategies for resilience, operational excellence and most importantly in delivering bottom line results throughout the organization. One important fact that should not be overlooked is that we have maintained profitability and stability in Mermaid. This fact underscores the willingness of our shareholders, the Board, and management to work together towards our stated objectives of growing Mermaid and creating maximum value for shareholders as a result, despite the challenging business environment.

In 2016, revenue earned was USD 185.2 million representing a 45 percent decrease from USD 336.6 million in 2015. However, Mermaid delivered a net profit of USD 17.2 million in 2016, representing a six-fold increase compared to normalized net profit of USD 2.8 million in 2015. Earnings achieved a turnaround in 2016 driven mainly by steady utilization of our dive support vessels (“DSVs”), implementation of cost saving initiatives and lower depreciation post-asset impairment in 2015.

Also noteworthy is that in 2016 Mermaid generated USD 49.0 million in positive cash flow from operations, and our ending cash balance was USD 97.7 million against debts of USD 89.5 million, hence net cash positive. Our backlog, excluding earnings from our associate Asia Offshore Drilling Limited (“AOD”), stood at USD 170.6 million as at 31 December 2016, lower than in previous years, but still competitive given market conditions. Our commercial team are also aggressively tendering for new jobs to add to our backlog.

In 2016, Mermaid also de-risked itself from potential new build deliveries. Mermaid had, in the midst of the oil price boom in 2014, entered into construction contracts to build two performance class tender asset drilling rigs and one DP2 dive support and construction vessel in China. In light of the subsequent challenging global oil and gas market situation that has, among other things, materially affected the market value of these units and their potential charter hire day rates, the construction contracts were all cancelled by mutual agreement in 2016 signifying an exit from these commitments.



Another highlight is that Mermaid’s associate AOD secured three-year contract extensions for all three of its jack-up drilling rigs, thus assuring their continued employment through this period until 2019.



IMPLEMENTING STRATEGIC IMPERATIVES

As a result of the challenging outlook across the oil and gas industry, 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: In adhering to our "Strengthening our Core" strategy, we prioritized revenue protection initiatives and streamlined our internal processes. Key achievements in 2016 included rationalization of uncompetitive assets across our drilling and subsea services segments; and intensification of efforts to improve internal costs efficiency and productivity while strengthening our overall control environment.

Positioning for Growth: In furtherance to our "Positioning for Growth" strategy, we continued to focus on a value chain move to higher value engineering segments offering short and medium range turnkey contracts or lump sum contracts such as subsea cable lay and decommissioning services. We have also implemented selective geographical expansion programs.

THE IMPACT OF HISTORICALLY LOW OIL PRICES

The subsea market was characterized by hunting down any work that could be found. During 2016, subsea field development EPC projects continued to stall rapidly for a second year and major subsea contractors experienced lackluster order intake and backlogs down 40-50 percent from peak 2014 levels. E&P sanctioning of new field developments is expected to remain at very low levels until oil price picks up further and looks set to remain at more reasonable levels for a sustained period again. Inspection, repair and maintenance ("IRM") services remain in demand, particularly in the shallow water segment. However, demand for such services had experienced contraction.

IRM and survey service revenues decreased 22.0% from USD 225.2 million in 2015 to USD 175.6 million in 2016. Subsea cable laying and engineering works revenues also decreased 91.3% from USD 111.3 million in 2015 to USD 9.7 million in 2016. The decline was mainly driven by lacking numbers of awarded projects, size of projects and competitive pricing.

The offshore drilling market showed little signs of life. Oil prices may have rebounded during 2016, but rig demand across the board continued to wane. Based on the market dynamics currently in place, there is no anticipated market recovery until the second half of 2017 or later. In 2016, both of our tender rigs, 'MTR-1' and 'MTR-2', remained uncontracted as a result of limited demand in the market. We are currently reviewing several options for the rationalization of these assets.

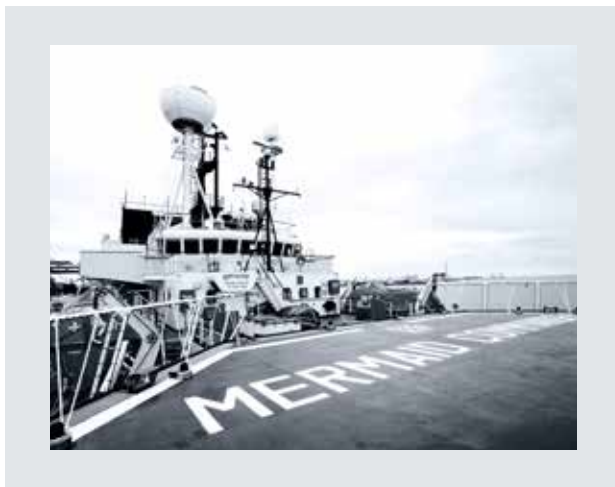
In contrast, Mermaid's associate AOD secured three-year contract extensions with its existing customer for all three of its jack-up drilling rigs, thus assuring their continued employment until 2019. AOD's rigs have delivered exemplary operating results, with utilization for all three rigs at above 98 percent.

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

MAINTAINING OUR COMPETITIVE EDGE

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

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



2017 PRIORITIES

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

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

Mermaid's priorities for 2017 will be to continue to expand our service offerings to existing customers and to win new customers in order to grow our revenue base further. Mermaid will also continue to focus on optimizing performance and maximizing cost efficiencies in its businesses. We will also continue to pursue potential mergers and acquisitions for immediate opportunistic growth.

WORD OF THANKS

Reflecting back on the milestone developments in 2016, our achievements would not have been possible without the support of our various stakeholders. To our Board, I would like to thank you for your invaluable contribution and commitment. To our management and staff, the results we have achieved bears testimony to your hard work and dedication. Ultimately, it is our people who make the real difference in setting us apart from the competition. To our business partners and customers, we thank you for your faith and trust in us. We truly value our win-win relationship which we hope will endure in the long term.

I would like to conclude by expressing my heartfelt appreciation to our shareholders for your continued support all these years and for your continued confidence in us and particularly given the challenging business environment. As we focus towards a new chapter of our growth and our core mission of being the "Contractor of Choice", the Board and management will remain committed to comply with corporate governance best practices across our businesses and delivery of bottom line results to shareholders. With your continued support, I have no doubt that we will endure and when the recovery phase of the cycle arrives we will be "Ready for the Rising Tide".

Yours Sincerely,

Mr. Prasert Bunsumpun
Chairman of the Board

3 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.



4 HONORARY ADVISER STATEMENT



**I AM PROUD
TO TAKE MERMAID
TO THE NEXT STAGE**

**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.



Mr. Prasert Bunsumpun
Non-Executive Chairman
(Age 64)

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 PTT Exploration and Production Plc., PTT Chemical Plc., IRPC Plc. and Thai Lube Base Plc., and as Executive Chairman of Krungthai Bank Plc. He was President and CEO of PTT Plc. for over eight years. In addition, he served as a director of PTT 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.



Mr. Chalermchai Mahagitsiri
Executive Vice Chairman
(Age 38)

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



Mr. Jitender Pal Verma
Non-Executive Director
(Age 56)

Mr. Jitender Pal Verma has been on the Mermaid Board since 2016. He also serves as Senior Executive Vice President and Group Chief Financial Officer of Thoresen Thai Agencies Plc. and is a director on the board of its other subsidiaries Soleado Holdings Pte. Ltd. and Thoresen Shipping FZE. He brings to Mermaid his diversified international business experience of more than 25 years in the various fields of FMCG food, retail, electronics, metal, manufacturing and real estate development. He previously served as Chief Financial Officer and Acting Managing Director to companies such as Thainox Stainless Plc. (now POSCO Thainox Plc.), Dole Food Inc. and Seagate Technologies. Mr. Verma holds a Bachelor Degree in Commerce from University of Delhi and is a Fellow Chartered Accountant (FCA). He also completed the Director Certification Program No. 78/2006 and its Diploma Program No. 49/2016 from the Thai Institute of Directors Association (IOD).

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



Dr. Jean Paul Thevenin
Non-Executive Director
(Age 76)

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 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. Mr Ng was awarded the Pingat Bakti Masyarakat, or the Public Service Medal in 2007, and the Bintang Bakti Masyarakat, or the Public Service Star Medal in 2016, for his various community services.



Mr. Ng Cher Yan
Independent Director
(Age 57)

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



Mr. Tay Yu-Jin
Independent Director
(Age 41)

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.



Dr. Jan Jozef Skorupa
Independent Director
(Age 69)

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
Sapphire

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

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

MERMAID SIAM (BUILT IN 1991)

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

SUBSEA SERVICES

BARAKUDA (BUILT IN 1982)

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



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.



MERMAID NUSANTARA (CHARTERED-IN) (BUILT IN 2010)

The DSV 'Mermaid Nusantara' 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 'Mermaid Nusantara' is ABS classed and flies the Indonesian flag.



DRILLING AND ACCOMMODATION BARGE SERVICES

MTR-1

(BUILT IN 1978 AND UPGRADED IN 1998)

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



MTR-1

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-2

AOD I & AOD II & AOD III (BUILT IN 2013)

The 'AOD I', 'AOD II' and 'AOD III' are high specification jack-up drilling rigs. Built to the popular MOD V B-Class model by Keppel FELS in Singapore, these rigs are on long term drilling contracts to 2019 in Saudi Arabia. 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.



AOD I &
AOD II &
AOD III

GLOBAL PRESENCE



33

YEARS SINCE
MERMAID MARITIME'S
ESTABLISHMENT



1000+

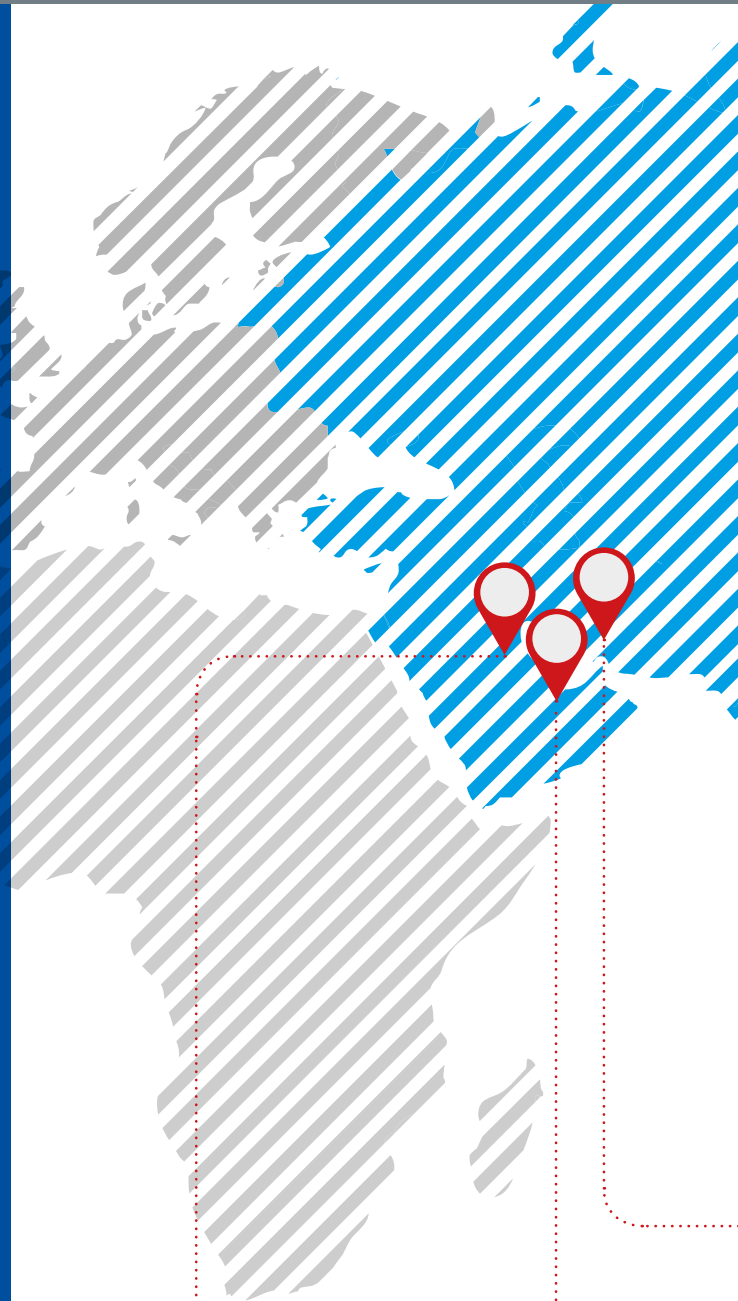
SKILLED DIVERS,
CREW, TECHNICIANS,
SUPPORT SERVICE
PROVIDERS &
MANAGEMENT



9

SUBSEA VESSELS*

* Includes 2 chartered-in subsea vessels
** 33.76% Ownership through Asia Offshore Drilling Limited



Thailand

- Bangkok
- Chonburi



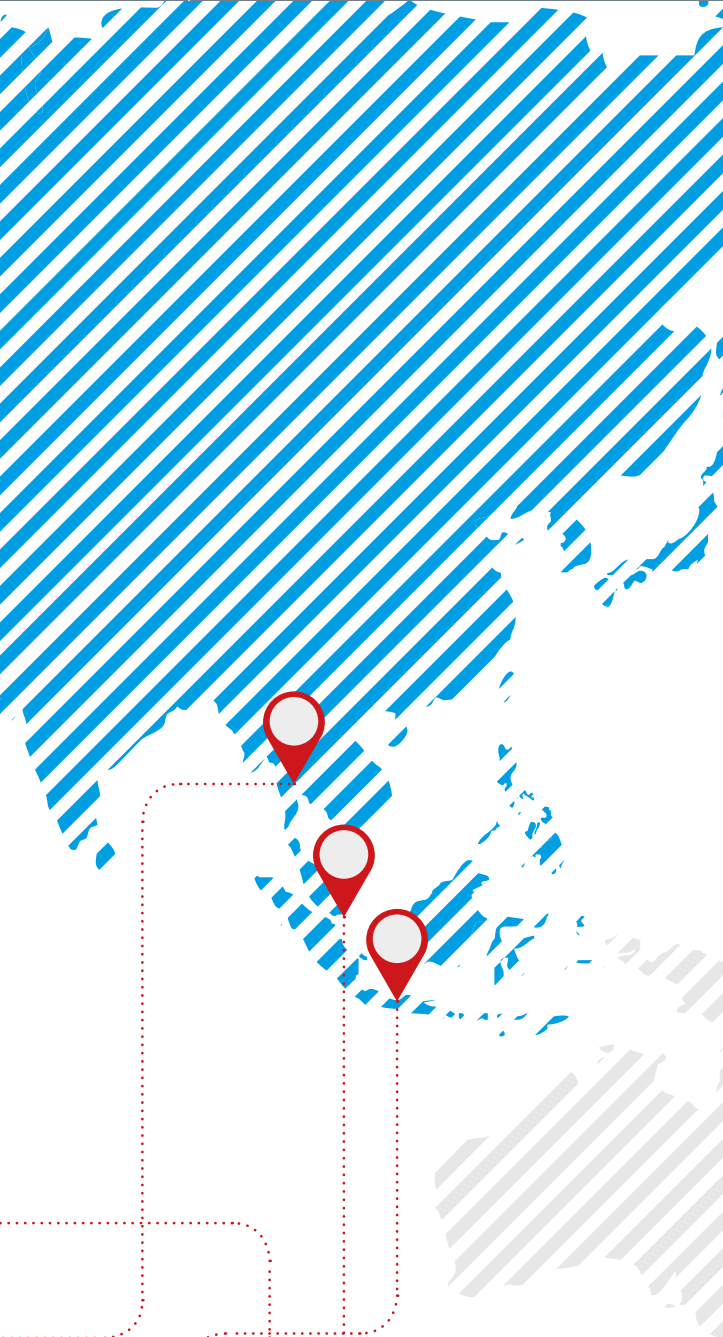
Saudi Arabia

- Al Khobar
- Tanajib



Qatar

- Doha
- Ai Khor



United Arab Emirates

- Abu Dhabi



Singapore

- Changi



Indonesia

- Jakarta

6+17

SATURATION AND
AIR DIVING SYSTEMS



16

REMOTELY
OPERATED VEHICLES



1+1

TENDER ASSIST
DRILLING RIG AND
ACCOMMODATION
BARGE



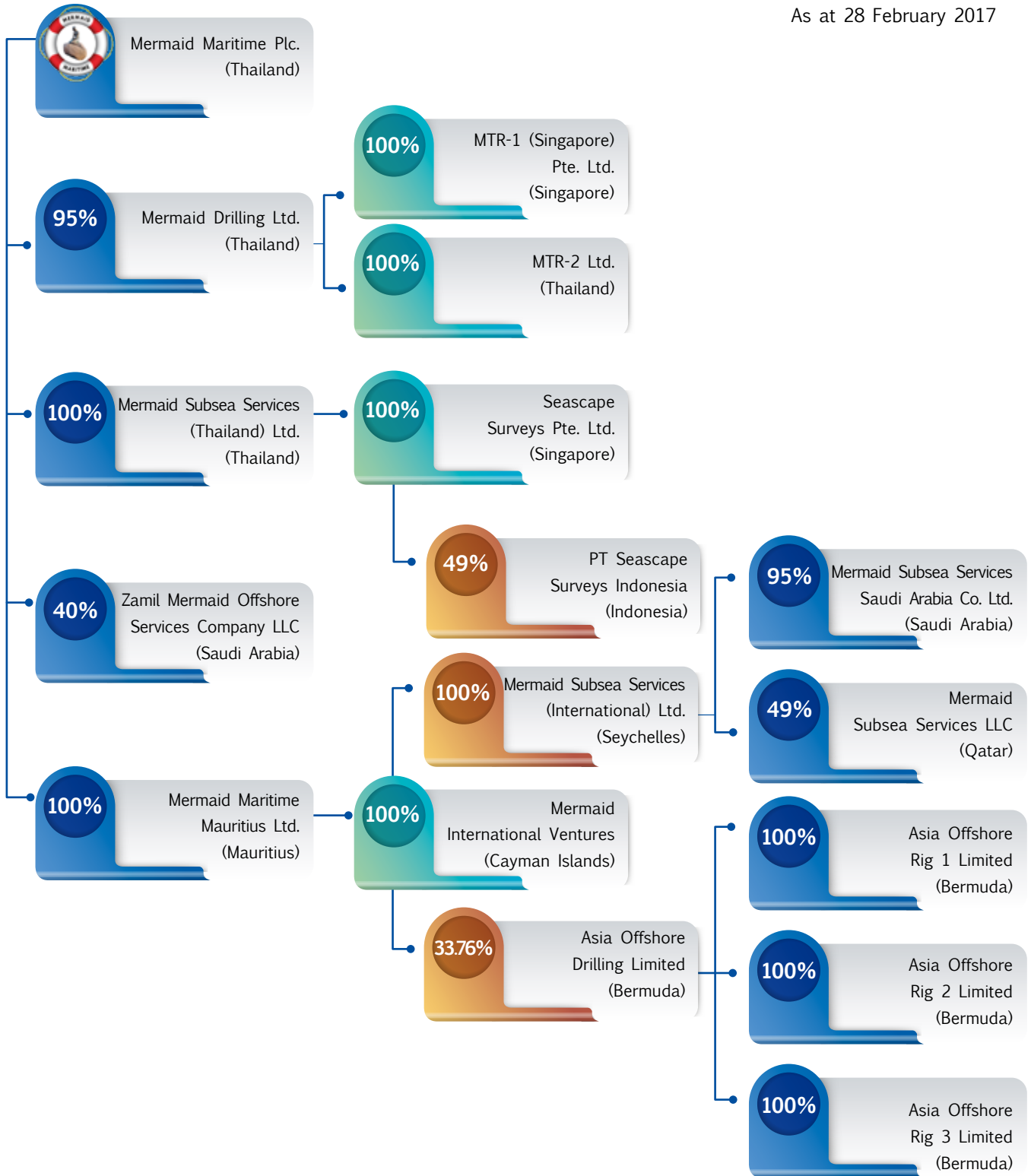
3

HIGH SPECIFICATION
JACK-UP DRILLING
RIGS**



8 CORPORATE STRUCTURE

As at 28 February 2017



9

KEY EXECUTIVES



Dr. Vincent Siaw

Executive Vice President and Chief Operating Officer

Dr. Vincent Siaw joined Mermaid in 2005 and during his last 11 years at Mermaid, he has performed various key roles including Head of Legal, Corporate Strategy, Investor Relations, Enterprise Risk Management and Company Secretary. Prior to joining Mermaid, he was Legal Counsel for the Thailand operations of General Motors, Legal Manager at corporate and business restructuring specialists Ferrier Hodgson, and a Corporate and Government Lawyer with Deacons Graham & James in Australia. He graduated with a Bachelor of Commerce (Accounting) and LL.B. (Hons.) from the Australian National University, M.B.A. in Oil and Gas Management from Curtin University's joint program with Aberdeen Business School and D.B.A. in Corporate Law and Governance from the University of South Australia. He is admitted as a Barrister-at-Law and Solicitor in Australia and a Solicitor in England and Wales.



Mr. Darren Morgan

Executive Vice President, Mermaid Subsea Services

Darren joined Mermaid as the Indonesia Country Director for PT Seascope Surveys Indonesia in April 2015 before being promoted to the role of Managing Director for this business unit. With over 20 years of relevant experience, Darren started his career as an engineer with the French diving company, Comex, before running his own ROV company to decommission underwater nuclear facilities in the United Kingdom. He subsequently worked for Stolt Offshore in Paris, France, putting together several of their West African EPIC tenders and continued with the company as the Consortium Interface Manager for the BP Angola Greater Plutonio SURF Project. Darren later joined Comex Deep Sea Salvage as the Head of the Salvage department, a company established to recover deep-water cargoes from sunken shipwrecks, before spending a year in Australia working as the Operations Lead for the mining company, Teck Cominco, assisting them in their underwater exploration for seafloor massive sulfide deposits offshore PNG and Tonga.

In Southeast Asia, Darren worked for Hallin Marine as the Managing Director of their Indonesian business unit and later in parallel as the Commercial Director for the East Division, before joining Bibby Offshore as the Managing Director for Asia-Pacific. Darren holds a Master of Science in Marine Technology (specialization in Subsea Engineering) from Cranfield University, a Masters of Business Administration from the University of Warwick, and is a Chartered Engineer registered with the Engineering Council, United Kingdom.



Mr. Graham McKnockiter

Group Regional Director, Subsea Services, Western Hemisphere

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



Mr. Phiboon Buakhunngamcharoen

Chief Financial Officer

Mr. Phiboon Buakhunngamcharoen joined Mermaid in 2005. During his 11 years of experience with Mermaid, he started working as the Financial Controller in June 2005 where he was responsible for and oversaw the finance and accounting function of Mermaid's Drilling Business Division. In October 2013, he was promoted to Finance Director where he oversaw the Management Reporting function for Mermaid covering both its Subsea and Drilling Business Divisions. In March 2016, he was appointed as Compliance and Internal Audit Director leading the internal audit team to audit and access internal controls, operation efficiencies and compliance.

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

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

No.	Company	Type of Business	Place of Incorporation	Date of Incorporation	Company Registration No.	Type of Share	Paid-up Capital	Shares Issued	% of Mermaid Shareholding
1.	Mermaid Maritime Public Company Limited	Holding	Thailand	15 January 2007*	0107550000017	Ordinary	THB 1,413,328,857	1,413,328,857	-
2.	Mermaid Subsea Services (Thailand) Ltd.	Subsea	Thailand	24 June 2003	0105546072562	Ordinary	THB 5,380,000,000	538,000,000	100% (direct)
3.	Seascope Surveys Pte. Ltd.	Subsea	Singapore	24 November 2004	200415192D	Ordinary	SGD 100	100	100% (indirect)
4.	PT Seascope Surveys Indonesia	Subsea	Indonesia	19 January 2005	09.03.1.74.44960	Ordinary	IDR 7,328,000,000	800	49% (indirect)
5.	Mermaid Subsea Services (International) Ltd.	Subsea	Seychelles	05 March 2008	046418	Ordinary	USD 1	1	100% (indirect)
6.	Mermaid Subsea Services LLC	Subsea	Qatar	11 November 2008	40867	Ordinary	QAR 200,000	200	49% (indirect)
7.	Mermaid Subsea Services Saudi Arabia Co. Ltd. (a)	Subsea	Saudi Arabia	8 April 2011	623353	Ordinary	SAR 500,000	5,000	95 % (indirect)
8.	Zamil Mermaid Offshore Services Company LLC	Subsea	Saudi Arabia	18 September 2012	2051050298	Ordinary	SAR 2,000,000	2,000	40% (direct)
9.	Mermaid Offshore Services Pte. Ltd.	Subsea	Singapore	28 March 2011	201107423W	Ordinary	USD 20,400,100	20,400,100	100% (indirect)
10.	Mermaid Drilling Ltd.	Holding	Thailand	24 January 2005	0105548011196	Ordinary	THB 410,000,000	41,000,000	95% (direct)
11.	Mermaid Drilling (Singapore) Pte. Ltd.	Holding	Singapore	27 February 2007	200703192D	Ordinary	USD 50,999,926	50,999,926	100% (direct)
12.	Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling	Malaysia	5 August 2005	705457A	Ordinary	MYR 500,000	500,000	95% (indirect)
13.	MTR-1 Ltd.	Drilling	Thailand	15 March 2005	0105548036890	Ordinary	THB 240,000,000	24,000,000	95% (indirect)
14.	MTR-2 Ltd.	Drilling	Thailand	15 March 2005	0105548036881	Ordinary	THB 350,000,000	35,000,000	95% (indirect)
15.	MTR-1 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717860H	Ordinary	USD 40,000	40,000	95% (indirect)
16.	MTR-3 (Singapore) Pte. Ltd.	Drilling	Singapore	30 July 2008	200814981N	Ordinary	USD 22,000,100	22,000,100	100% (direct)
17.	MTR-4 (Singapore) Pte. Ltd.	Drilling	Singapore	8 January 2014	201400893C	Ordinary	USD 22,000,079	22,000,100	100% (direct)
18.	Asia Offshore Drilling Limited	Holding	Bermuda	29 October 2010	44712	Ordinary	USD 60,000,100	60,000,100	33.76% (indirect)
19.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
20.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
21.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
22.	Mermaid Maritime Mauritius Ltd.	Holding	Mauritius	25 March 2014	121881	Ordinary	USD 1	1	100% (direct)
23.	Mermaid International Ventures	Holding	Cayman Islands	26 August 2014	291210	Ordinary	USD 100	100	100% (indirect)

* as a public listed company

(a) Mermaid Subsea Services Saudi Arabia Co. Ltd. was formerly known as Subtech Saudi Arabia 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 2016, Mermaid is generally in compliance with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the “Code”). Where there are deviations from the Code, appropriate explanations are provided. Specific disclosure in relation the Code is set forth below:

THE BOARD’S CONDUCT OF ITS AFFAIRS

PRINCIPLE 1

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

The key functions of the Board are to:

1. be responsible for the overall management and strategic direction for the Group;
2. perform duties with knowledge, competence, transparency, due care and accountability for the Company and its shareholders;
3. bring in expertise, capability and experience that are beneficial to the Company’s operations;
4. have leadership skills, vision and independent decision-making ability to ensure the utmost benefit to the Company and the shareholders; and
5. meet on a regular basis to review and monitor the Company’s financial position, management performance and business operation.

The number of Board and Board committee meetings held during the financial year ended 31 December 2016, 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	8/8	-	-	-	6/6	-
Mr. Chalermchai Mahagitsiri	8/8	-	-	-	6/6	2/2
Dr. Jean Paul Thevenin	8/8	5/5	3/3	8/8	6/6	2/2
Mr. Chia Wan Huat Joseph*	5/5	-	-	8/8	6/6	-
Mr. Jitender Pal Verma*	2/2	-	-	-	2/3	-

Name	Type of Meetings					
	Board	Audit Com.	Rem. Com.	Nom. Com.	Exec. Com.	Risk Com.
Mr. Ng Cher Yan	8/8	5/5	3/3	8/8	-	2/2
Dr. Jan Jozef Skorupa	8/8	5/5	3/3	8/8	-	-
Mr. Joachim Toh Wen Keong*	1/2	2/2	1/1	3/3	-	-
Mr. Tay Yu-Jin*	5/6	-	-	8/8	-	-

- * Mr. Chia Wan Huat Joseph resigned as a Director on 28 October 2016 but remains as a member of the Executive Committee.
- * Mr. Jitender Pal Verma was appointed as a member of the Executive Committee on 9 August 2016 and as a Director and member of the Nomination Committee on 28 October 2016.
- * Mr. Joachim Toh Wen Keong retired as a Director on 26 April 2016. Prior to his retirement, he was the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.
- * Mr. Tay Yu-Jin was appointed as a Director and member of the Nomination Committee on 26 April 2016.

MATTERS REQUIRING BOARD APPROVAL

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

BOARD ORIENTATION AND TRAINING

The Company conducts a comprehensive induction to new Directors. This orientation program is conducted by the management of the Company to ensure that they are familiar with the Company's business and governance practices. All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to familiar with compliance, essentials of the roles of director and a member of each committee in a listed company. The Company shall be responsible for the course fees.

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

BOARD MEETINGS VIA ELECTRONIC MEDIA

Until recently, due to limitation under Thai law, the Company and its Thai-incorporated subsidiaries did not 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 stated 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 in Thailand.

This means that conducting meetings via electronic media, as well as the registration of resolutions passed at electronic meetings of directors and shareholders of both private and public limited companies, are now allowed by the DBD. In a Clarification of the DBD dated 23 September B.E. 2559 (A.D. 2016), public limited companies shall be required to amend their Articles of Association if they wish to conduct their meetings via electronic media.

Accordingly, Mermaid, as a public limited company, has started the process to amend its Articles of Association to allow for the conduct of Board and shareholder meetings via telephonic and vide-conferences in accordance with, and subject to any limitations imposed by, applicable laws and regulations in Thailand.

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

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

SUSTAINABILITY REPORTING

The Company acknowledges that the interaction with the communities in which the Company operates and its environmental and social interactions within such communities affect long-term organizational success. The Board takes into relevant consideration environmental and social aspects in its decision making processes alongside financial and governance aspects that are part of its customary and regulatory practice. As at 31 December 2016, 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 2016, the Board comprises seven (7) Directors including three (3) Independent Directors, three (3) Non-Executive Directors, and one (1) Executive Director.

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

AUDIT COMMITTEE

As at 31 December 2016, the Audit Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and two (2) Independent Directors, namely Mr. Ng Cher Yan, 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 the Compliance and Internal Audit Department;
- (d) oversee the integrity of financial statements and other disclosures;
- (e) review the qualification, independence and performance of the external auditors and non-audit services rendered by the external auditors; and
- (f) review Interested Persons Transactions ("IPT") and Related Party Transactions ("RPT").

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

REMUNERATION COMMITTEE

As at 31 December 2016, the Remuneration Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and two (2) Independent Directors, namely Mr. Ng Cher Yan, 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 2016, the Nomination Committee comprises two (2) Non-Executive Directors, namely, Dr. Jean Paul Thevenin and Mr. Jitender Pal Verma, and three (3) Independent Directors, namely, Mr. Ng Cher Yan, Mr. Tay Yu-Jin, and Dr. Jan Jozef Skorupa. The Chairman of the Nomination Committee was Dr. Jan Jozef Skorupa. He was appointed as Chairman of the Nomination Committee on 26 April 2016.

The Nomination Committee is responsible, among other things to:

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

EXECUTIVE COMMITTEE

As at 31 December 2016, the Executive Committee members were Mr. Prasert Bumsumpun, Mr. Chalermchai Mahagitsiri, Mr. Jitender Pal Verma, Dr. Jean Paul Thevenin and Mr. Chia Wan Huat Joseph. The Chairman of the Executive Committee was Mr. Prasert Bunsumpun. Although Mr. Chia Wan Huat Joseph resigned as a Director on 28 October 2016, he remains a member of the Executive Committee.

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 2016, the Risk Management Committee members were Dr. Jean Paul Thevenin, Mr. Ng Cher Yan, Mr. Chalermchai Mahagitsiri, and Mr. Phiboon Buakhunngamcharoen. 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 percent shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

None of our Directors has served on our Board beyond nine (9) years from the date of his first appointment.

BOARD COMPOSITION AND SIZE

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

- (a) the Board shall comprise of not less than five (5) persons (Section 67 of the Thai Public Companies Act B.E. 2535 (A.D. 1992) and Article 13 of the Articles of Association);
- (b) not less than half (1/2) of the total number of Directors shall be resident in Thailand (Section 67 of the Thai Public Companies Act B.E. 2535 (A.D. 1992) and Article 13 of the Articles of Association);
- (c) the Board should comprise at least two (2) Independent Directors (Rule 210(5)(c) of the Listing Manual of the SGX-ST);
- (d) at least two (2) Independent Directors shall be resident in Singapore (Rule 221 of the Listing Manual of the SGX-ST);
- (e) Independent Directors should make up one-third of the Board (Principle 2, Guideline 2.1 and 2.2 of the Code);
- (f) the Audit Committee should comprise at least three (3) Directors, a majority of whom, including the Chairman, should be Independent and all of whom should be Non-Executive Directors (Principle 12, Guideline 12.1 of the Code);
- (g) the Nomination Committee should comprise at least three (3) Directors, a majority of whom, including the Chairman, should be Independent (Principle 4, Guideline 4.1 of the Code);
- (h) the Remuneration Committee should comprise at least three (3) directors, a majority of whom, including the Chairman, should be Independent and all should be Non-Executive Directors (Principle 7, Guideline 7.1 of the Code);
- (i) the Risk Management Committee should comprise at least four (4) members of which two (2) should be Non-Executive Directors and the other two (2) should be the Chief Executive Officer and Chief Financial Officer (Section 3.2 of the Risk Management Committee Charter); and
- (j) the Lead Independent Director should be appointed where the Chairman is not an Independent Director and should also be a member of the Nomination Committee (Principle 4, Guideline 4.1 of the Code).

The Nomination Committee reviews the structure, size and composition of the Board and Board committees annually, including the skills and core competencies of its members to ensure an appropriate balance of skills and experience. The Nomination Committee is of the view that the Board is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations. With majority of the Board comprising Non-Executive Directors and one-third (1/3) of the Board are Independent Directors, there is a strong and independent element on the Board. This is to ensure that there is effective representation for shareholders and issues of strategy, performance and resources are fully disclosed and examined to take into account long-term interest of the shareholders, employees, customers, suppliers and the industry in which the Group conducts its business. The Board is able to exercise objective judgment independently from management and no small group of individuals dominates the decisions of the Board.

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

MEETING OF DIRECTORS WITHOUT MANAGEMENT

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3

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

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

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

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

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

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

The Nomination Committee has conducted an annual review of Directors’ independence based on the Code’s criteria for independence and is of the view that Mr. Ng Cher Yan, Mr. Tay Yu-Jin and Dr. Jan Jozef Skorupa are independent. The Nomination Committee has conducted a formal assessment of the Board’s performance as a whole for the financial year ended 31 December 2016.

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

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

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

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

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

BOARD PERFORMANCE

PRINCIPLE 5

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

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

ACCESS TO INFORMATION

PRINCIPLE 6

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

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

The Company Secretary that presided for the year ended 31 December 2016 was appointed since 1 June 2005. The appointment and removal of the Company Secretary should be a matter for the Board as a whole.

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

PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 7

The Remuneration Committee reviews matters concerning the remuneration of Board members and key executives.

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

For the financial year ended 31 December 2016, there were no remuneration consultants engaged by the Company.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8

The Remuneration Committee establishes a formal and transparent procedure for developing policy on executive remuneration and the remuneration packages of individual Directors of the Company, provided that no Director shall be involved in deciding his own remuneration. The Remuneration Committee shall recommend the framework and propose specific remuneration packages to the Board.

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

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

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

DISCLOSURE OF REMUNERATION

PRINCIPLE 9

The name and remuneration of each person who is/was a Director of the Company during the financial year ended 31 December 2016 is presented in bands.

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

Name	Below SGD 100k	SGD 100k-200k	SGD 200k-300k	SGD 300k-400k	SGD 400k-500k
Mr. Prasert Bunsumpun	●	-	-	-	-
Mr. Chalermchai Mahagitsiri	-	-	-	●	-
Mr. Jitender Pal Verma	-	-	-	-	-
Dr. Jean Paul Thevenin	●	-	-	-	-
Mr. Ng Cher Yan	●	-	-	-	-
Mr. Tay Yu-Jin	●	-	-	-	-
Dr. Jan Jozef Skorupa	●	-	-	-	-
Mr. Toh Wen Keong Joachim	●	-	-	-	-
Mr. Chia Wan Huat Joseph	-	-	-	●	-

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 as Executive Director. As executives of the Company, Mr. Chalermchai Mahagitsiri and Mr. Chia Wan Huat Joseph did not receive any Directors' fees. Mr. Jitender Pal Verma did not receive any Directors' fees or other remuneration from the Company.

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

During the financial year that ended 31 December 2016, not all Directors listed above served for the full financial period. Mr. Toh Wen Keong Joachim retired as a Director at the Annual General Meeting of Shareholders No. 01/2016 on 26 April 2016. Mr. Tay Yu-Jin was elected as a Director at the Annual General Meeting of Shareholders No. 01/2016 on 26 April 2016. Mr. Chia Want Huat Joseph served as a Director until his resignation on 28 October 2016. Mr. Jitender Pal Verma was appointed as a Director on 28 October 2016 in replacement to Mr. Chia Wan Huat Joseph.

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. Jitender Pal Verma	-	-	-	-	-
Dr. Jean-Paul Thevenin	100%	-	-	-	-
Mr. Ng Cher Yan	75%	-	-	25%	-
Mr. Tay Yu-Jin	79%	-	-	21%	-
Dr. Jan Jozef Skorupa	100%	-	-	-	-
Mr. Toh Wen Keong Joachim	100%	-	-	-	-
Mr. Joseph Chia Wan Huat	-	90%	-	10%	-

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

Key Executives	Below SGD 250k	SGD 250k-500k	SGD 500k-750k
Dr. Vincent Siaw	●	-	
Mr. Darren Morgan	-	●	
Mr. Graham McKnockiter	-	●	
Mr. Phiboon Buakhunngamcharoen	●	-	
Mr. William Macdonald	-	●	
Mr. Paul Burger Whiley			●
Mr. Robert Neil Howie			●
Mr. Nha-Vinh Julien Nguyen	●	-	
Mr. Raza Ullah Khan		●	

For persons who served in the capacity of a key executive (who is not also a Director) for any part of a financial period, remuneration calculated for the purposes of the above disclosure is based on a pro-forma assessment of potential full year remuneration (i.e. the remuneration that the key executive would have received if he/she had served as a key executive for the full financial period).

During the financial year that ended 31 December 2016, not all Key Executives listed above served for the full financial period. Dr. Vincent Siaw was appointed as Executive Vice President and Chief Operating Officer on 9 August 2016. Mr. Darren Morgan was appointed as Executive Vice President for Subsea Services on 8 August 2016. Mr. Graham McKnockiter was appointed as Subsea Group Regional Director for Western Hemisphere on 5 September 2016. Mr. Phiboon Buakhunngamcharoen was appointed as Acting Chief Financial Officer on 14 October 2016. Mr. Paul Burger Whiley ceased to be Executive Vice President for Subsea Services on 8 August 2016. Mr. Robert Neil Howie ceased to be Subsea Group Regional Director for Western Hemisphere on 4 September 2016. Mr. Nha-Vinh Julien Nguyen was appointed as the Chief Financial Officer on 1 January 2016 and ceased to be the Chief Financial Officer on 17 June 2016. Mr. Raza Ullah Khan was appointed as the Chief Financial Officer on 8 August 2016 and ceased to be the Chief Financial Officer on 14 October 2016.

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

Key Executives	[1]	[2]	[3]	[4]
Dr. Vincent Siaw	100%	-	-	-
Mr. Darren Morgan	74%	-	26%	-
Mr. Graham McKnockiter	100%	-	-	-
Mr. Phiboon Buakhunngamcharoen	82%	-	18%	-
Mr. William Macdonald	100%	-	-	-
Mr. Paul Burger Whiley	100%	-	-	-
Mr. Robert Neil Howie	86%	7%	7%	-
Mr. Nha-Vinh Julien Nguyen	87%	-	13%	-
Mr. Raza Ullah Khan	83%	-	17%	-

The aggregate remuneration paid to the above key management personnel (who are not Directors) for financial year ended 31 December 2016 was SGD 2,847,137.

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 2016.

AUDIT COMMITTEE

PRINCIPLE 12

As at 31 December 2016, the Audit Committee held five (5) 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, rule or regulation, which has or is likely to have a material impact on operating results and/or financial position. The Audit Committee will also ensure that the appropriate follow-up actions are taken. In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee he will abstain from reviewing that particular transaction or voting on that particular resolution.

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

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

INTERNAL AUDIT

PRINCIPLE 13

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

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

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

To ensure the adequacy and effectiveness of the internal audit function, the Audit Committee reviews the Internal Auditor's scope of work at least annually.

SHAREHOLDER RIGHTS

PRINCIPLE 14

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15

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

DIVIDEND

On 29 February 2016, the Board of Directors proposed that no dividends shall be declared to the shareholders for the financial year ended 31 December 2015. Upon the approval from AGM No. 01/2016 dated 26 April 2016, the shareholders present had unanimously approved that no dividends be declared to the shareholders for the financial year ended 31 December 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 of voting by poll at its AGM. Results of each resolution put to vote at the AGM are announced with details of percentage in favour and against. Shareholders are allowed to appoint a proxy to attend and vote in his/her stead.

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

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

1. SHAREHOLDER BASE AND VOTING RIGHTS

As at 31 January 2017, the statistics of shareholdings of Mermaid Maritime Public Company Limited (“Mermaid” or “Company”) are as follows:

Number of Authorised Shares	1,416,700,697
Number of Issued Shares	1,413,328,857
Issued and Fully Paid Up Capital	Thai Baht 1,413,328,857
Treasury Shares	None
Number of Shareholders	4,726
Class of Shares and Voting Rights	Ordinary shares with equal voting rights

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

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

A resolution can be adopted at a general meeting of shareholders by a simple majority of the total number of votes cast of the shareholders who attend the meeting, except in the following matters which require at least three-fourths (3/4) of the total number of voting rights of all of the shareholders who attend the meeting and have the right to vote:

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

To remove a Director before his/her term requires a resolution of a general meeting of shareholders of not less than three-fourths (3/4) of the number of shareholders who attend the meeting, who have the right to vote, and hold shares in aggregate of not less than half (1/2) of the total number of shares held by shareholders attending the meeting and entitled to vote.

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

2. DISTRIBUTION OF SHAREHOLDINGS

As at 31 January 2017, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders	%	Number of Shares	%
1 - 99	215	4.55	3,122	0.00
100 - 1,000	203	4.30	175,506	0.01
1,001 - 10,000	1,724	36.48	11,375,802	0.81
10,001 - 1,000,000	2,554	54.04	155,937,070	11.03
1,000,001 and above	30	0.63	1,245,837,357	88.15
Total	4,726	100.00	1,413,328,857	100.00

3. DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 31 January 2017, the names of substantial shareholders and a breakdown of their direct and deemed interests as recorded in Mermaid's register of substantial shareholders were as follows:

Name	Direct	Deemed	Total
Thoresen Thai Agencies Public Company Limited ("TTA") (see Note 1)	700,000,000 (49.53%)	122,908,013 (8.69%)	822,908,013 (58.22%)
Soleado Holdings Pte. Ltd. ("Soleado") (see Note 2)	102,509,593 (7.25%)	-	102,509,593 (7.25%)
Mr. Chalermchai Mahagitsiri (see Note 3)	150,461,660 (10.65%)	822,908,013 (58.22%)	973,369,673 (68.87%)
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 2016, Soleado acquired a total of 596,300 ordinary shares (0.04%) in the Company vi 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, 102,509,593 shares and 20,398,420 shares held in aggregate by TTA, Soleado and Athene in the Company, respectively.

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

No.	Name	Shares	%	Culm. %
1	THORESEN THAI AGENCIES PLC	700,000,000	49.53	49.53
2	HL BANK NOMINEES (S) PTE. LTD.	250,106,758	17.70	67.23
3	SOLEADO HOLDINGS PTE. LTD.	86,747,393	6.14	73.36
4	BNP PARIBAS SECURITIES SVCS	41,464,450	2.93	76.30
5	CITIBANK NOMS S'PORE PTE. LTD.	25,428,105	1.80	78.10
6	ATHENE HOLDINGS LTD.	20,398,420	1.44	79.54
7	DBS NOMINEES PTE. LTD.	16,927,115	1.20	80.74
8	DBS VICKERS SECS (S) PTE. LTD.	16,062,946	1.14	81.87
9	BNP PARIBAS NOMS S'PORE PTE. LTD.	9,566,200	0.68	82.55
10	RAFFLES NOMINEES (PTE.) LTD.	8,282,149	0.59	83.14
11	HSBC (SINGAPORE) NOMS PTE. LTD.	8,151,050	0.58	83.71
12	CIMB SEC (S'PORE) PTE. LTD.	7,829,501	0.55	84.27
13	MORGAN STANLEY ASIA (S) SEC PTE. LTD.	7,026,350	0.50	84.77
14	OCBC SECURITIES PRIVATE LTD.	5,820,358	0.41	85.18
15	UOB KAY HIAN PTE. LTD.	5,778,400	0.41	85.59
16	PHILLIP SECURITIES PTE. LTD.	5,721,452	0.40	85.99
17	DB NOMINEES (S) PTE. LTD.	5,028,810	0.36	86.35
18	MAYBANK KIM ENG SECS PTE. LTD.	4,898,900	0.35	86.69
19	LEE GEOK HWA	3,363,500	0.24	86.93
20	LIM & TAN SECURITIES PTE. LTD.	2,965,500	0.21	87.14

5. MERMAID SHARES HELD BY DIRECTORS

As at 31 January 2017, the direct and deemed interests of each Director of Mermaid in Mermaid's ordinary shares and its percentage of issued share capital were as follows:

Name	Direct	%	Deemed	%
Mr. Prasert Bunsumpun	None	n/a	None	n/a
Mr. Chalermchai Mahagitsiri	150,461,660	10.65	822,908,013	58.22
Mr. Ng Cher Yan	None	n/a	None	n/a
Mr. Tay Yu-Jin	None	n/a	None	n/a
Mr. Jitender Pal Verma	None	n/a	None	n/a
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 31 January 2017, the percentage of ordinary shares held in the hand of the public was 22.73%. 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 2016 or still subsisting as at 31 December 2016.

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 2016 amounted to US Dollars 157,321 (one hundred fifty seven thousand three hundred and twenty one United States Dollars).

Non-audit fee paid to KPMG and its relevant affiliated audit entities during the financial year ended 31 December 2016 amounted to US Dollars 9,950 (nine thousand nine hundred and fifty 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 2016.

	Group	
	2016	2015
	USD	USD
Audit fees :		
- Auditors of the Company	157,321	169,950
- Other auditors	57,638	57,863
Non-audit fees :		
- Auditors of the Company	9,950	4,205
- Other auditors	5,666	26,352
Total audit and non-audit fees	230,575	258,370

11. APPOINTMENT OF AUDITOR

Auditors from KPMG were reappointed by a resolution of the Company’s shareholders on 26 April 2016 to audit the Company’s separate financial statements and the Company and its subsidiaries’ consolidated financial statements for the financial year ended 31 December 2016.

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 2016:

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
5. Mr. Banthit Tangpakorn CPA License No. 8509

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 2016. This is the third 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 2016 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 2016.

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 2016 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 2016 was US Dollars 105.34 million, or 75.71% of the Rights Issue and Private Placement proceeds and is summarised as follows:-

No.	Description	USD (Million)
1.	The repayment of short-term loans which was taken up for the subscription of additional shares in Asia Offshore Drilling Ltd.	35.00
2.	The deposit and related payment for the construction and purchase of two tender rigs and one dive support and construction vessel	70.34
	Total	105.34
	Balance of Net Proceeds	33.81

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

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

As at 31 December 2016, the registered capital of Mermaid was Baht 1,416,700,697. This is represented by 1,416,700,697 ordinary shares with a par value of Baht 1 each. The issued and paid-up capital was Baht 1,413,328,857 represented by 1,413,328,857 ordinary shares with a par value of Baht 1 each.

The difference between registered capital and issued and paid-up capital is therefore Baht 3,371,840 ordinary shares with a par value of Baht 1 each. These registered but unissued ordinary shares were reserved for the allocation and exercise of share options under the Company's Employee Share Option Plan ("ESOPs"). As at 31 December 2016, all share options under the Company's ESOPs have expired. The balance of 3,371,840 registered but unissued ordinary shares cannot be applied for any other purpose and will therefore remain unallocated.

15. RETIREMENT SCHEDULE OF DIRECTORS

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

No.	Name of Directors	First Appointed	Last Appointed	Expiry Date
1.	Mr. Prasert Bunsumpun	19 Jun 2012	27 Jan 2015	AGM 2017
2.	Dr. Jean Paul Thevenin	28 Jan 2013	29 Apr 2015	AGM 2017
3.	Mr. Ng Cher Yan	19 Jun 2012	29 Apr 2015	AGM 2017
4.	Dr. Jan Jozef Skorupa	21 Oct 2013	29 Apr 2015	AGM 2018
5.	Mr. Jitender Pal Verma	28 Oct 2016	N/A	AGM 2018
6.	Mr. Chalermchai Mahagitsiri	19 Jun 2012	27 Jan 2015	AGM 2018
7.	Mr. Tay Yu-Jin	26 Apr 2016	N/A	AGM 2019

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 was made on 15 December 2011 and all remaining Options expired on 15 December 2016.

Details of ESOP 2008, ESOP 2009 and ESOP 2010 have been disclosed in previous Annual Reports. The following is a summary of the principal rules of ESOP 2011 as they related to the financial year ended 31 December 2016.

(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 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 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 2011

A summary of the rules of ESOP 2011 is set out below. A summary of the principle terms of ESOP 2011 were circulated to the shareholders on 3 January 2011 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 2011 at the absolute discretion of the Remuneration Committee. Persons who are controlling shareholders and their associates were not eligible to participate in ESOP 2011.

Size of ESOPs: The aggregate number of new shares that were available to be granted under ESOP 2011 was 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 (5th) anniversary from the date of grant of the Options, upon which the Options shall expire automatically.

Grant of Options: Under the rules of the Thai Securities and Exchange Commission (“Thai SEC”), the Options must be granted within one (1) year from the approval date of each ESOP. The expiry dates for the grant of Options under 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 EOSP 2011 deal with the lapse or earlier exercise of Options in circumstances which include the termination or resignation of the employment of the participant. EOSP 2011 contained provisions 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 2011

Share capital: 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 2011 did not result in having to recognise any expenses in the income statement for those relevant periods.

(d) 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:

	ESOP 2011
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 2016. As at 31 December 2016, none of the said Directors were participants of ESOP 2011.

(e) Adjustments to 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 2011 and its exercise price.

This is made pursuant to the terms of 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 2011 was revised as follows:

	Options Outstanding	Original Exercise Price	Adjusted Options	Adjusted Exercise Price
ESOP 2011	620,000	SGD 0.235	698,664	SGD 0.21

As at 15 November 2013, none of the participants of the 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.

(f) Status of ESOP 2011

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 15 December 2016, a summary of the status of ESOP 2011 is set out below:

	ESOP 2011
Total Options Remaining	84,515
No. of Participants Remaining	3
Exercise Price	SGD 0.20
Expiry Date	15 Dec 2016

None of the ESOP 2011 participants remaining exercised their Options on the expiry date. ESOP 2011 has expired. The Company does not have any other ESOPs to date.

17. LAND, BUILDINGS AND KEY MOVABLE ASSETS

As at 31 December 2016, land and buildings owned by Mermaid were as follows:

No.	Description	Location	Calendar Year	Million USD		Ownership
			Purchase Year	Cost	Net Book Value	
1.	Land	Pinthong Industrial Estate, Chonburi, Thailand	2003	0.59	0.59	Freehold
2.	Land	Laem Chabang, Chonburi, Thailand	2001	0.25	0.25	Freehold
3.	Buildings	Built on land at no. (1) above	2005	4.51	1.37	On freehold land

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

As at 31 December 2016, Mermaid's key movable assets were seven (7) vessels, one (1) accommodation barge and one (1) tender assist drilling rig owned by its subsidiaries as follows:

No.	Name of Vessels/Rigs	Calendar Year		Million USD	
		Build Year	Purchase Year	Cost	Net Book Value
1.	Mermaid Commander	1987	2005	38.84	6.22
2.	Mermaid Challenger	2008	2008	19.83	4.20
3.	Mermaid Sapphire	2009	2009	34.41	24.95
4.	Mermaid Siam	1991	2010	34.45	3.17
5.	Mermaid Endurer	2010	2010	102.66	67.08
6.	Barakuda	1982	2010	1.02	0.07
7.	Mermaid Asiana	2010	2010	92.72	67.12
8.	MTR-1	1978	2005	15.56	1.00
9.	MTR-2	1981	2005	69.19	1.00

The net book values presented in the table above represent post-asset impairment values for such assets for the financial year ended 31 December 2016.

'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. ("Builder") 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 2016, each of the separate construction contracts have been terminated by mutual agreement between Mermaid's subsidiaries and China Merchants Industry Holdings Co. Ltd., respectively.

It was also mutually agreed that the pre-paid sums shall be retained by the Builder; the units and all the materials and equipment forming part of the units or intended to be incorporated into it has become the sole property of the Builder and at the sole disposal of the Builder for sale or otherwise; and all obligations (including the obligation by the respective Mermaid subsidiaries to pay the balance payment), rights, duties and liabilities of each of the parties hereto to the other under the construction contracts and under any applicable laws have been completely discharged and released. In a move to mitigate financial exposure, the Company had already recorded an asset impairment on the entire pre-paid sum and associated costs related to the units in its 2015 financial statements.

18. DIRECTORS' AND EXECUTIVE OFFICERS' FORM OF UNDERTAKING

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

As at 28 February 2017, the Company remains in compliance with this requirement and shall continue to comply with this requirement on a continuing basis.

19. MINIMUM TRADING PRICE COMPLIANCE

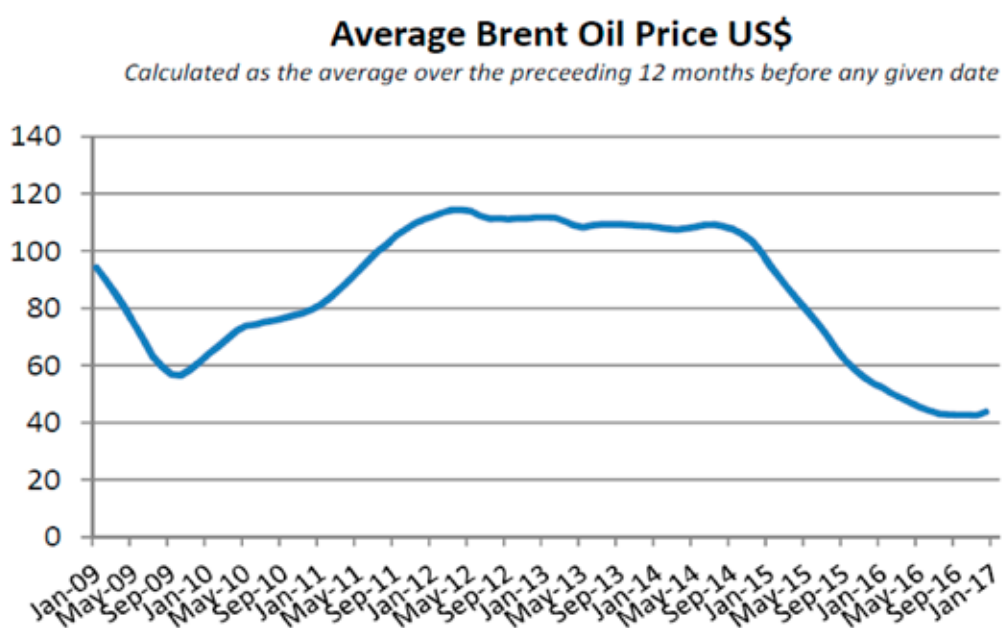
Pursuant to Rule 1311(2) of the Listing Manual of the SGX-ST, in the case the Company records a volume weighted average share price ("VWAP") of less than SGD 0.20 and an average daily market capitalization of less than SGD 40 million over the last six (6) months, the SGX-ST shall place the Company on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

As at 31 January 2017, the Company's share price closed at SGD 0.19 and its market capitalization is SGD 268.5 million. Therefore, Company is in compliant with the Minimum Trading Price ("MTP") requirement.

1. 2016-A STARTING POINT TOWARDS A MORE BALANCED MARKET

"This is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning." Winston Churchill

The industry entered 2016 in a state of uncertainty. In the month of January 2016, the Brent reached its lowest level (US\$27.7 per barrel) since the price decline that started in the second half of 2014, also a thirteen year low since 2003, with continued volatility during the rest of the year.

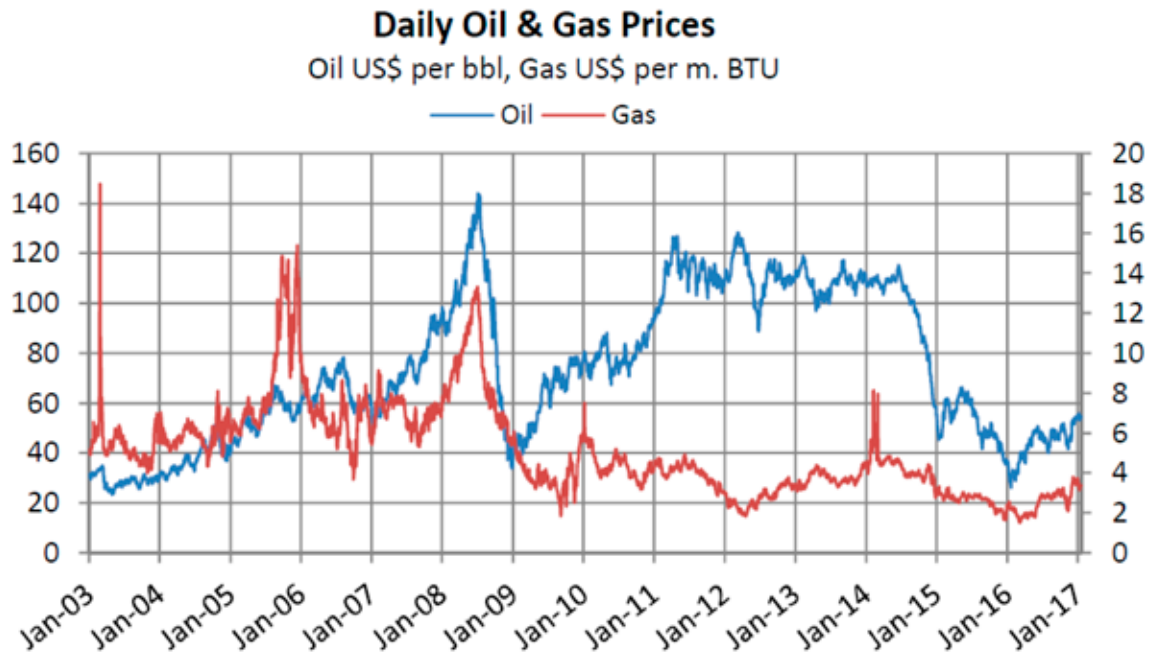


(Source: Kennedy Marr)

The overall drop in oil price and its continued volatility led to a survival mindset for many industry players. In response, oil companies slashed budgets with non-essential projects put on hold or cancelled and essential projects subject to scope and cost reductions. The flow down effect had hit contractors hard, with many experiencing sinking charter rates, vessel layups and personnel layoffs and some eventually ending up going bust in the process. Cost reduction strategies implemented across the industry reduced its cost structure that, while not leading to substantial profits, seemed to offer some a path to survival.

As the fall in production, among other things, helped to narrow the supply-demand gap and cause prices to strengthen, oil prices subsequently shown a general upward trend over the past couple of months and the Brent oil price eventually averaged US\$ 43.7 per barrel over the last 12 months.

In the month of December 2016, the spot price of a barrel of Brent crude oil shot up from trading at above US\$52 and reaching nearly US\$55 by the end of 2016. The upward trend was influenced by OPEC's coordinated action with Russia, as the organization's agreed production cut of 1.2m bpd was joined by the non-OPEC producer for a combined reduction by 1.5m bpd. Other non-OPEC members, such as Azerbaijan, Bahrain, Kazakhstan, Malaysia, Mexico, etc., also agreed to reduce their production volumes by 0.3m bpd total. As the year ended, Brent crude marked an over-50-percent-increase for 2016, the best yearly gain realized since 2009.



(Source: Kennedy Marr)

According to brokers BRS Group, analysts now expect oil prices to gradually increase towards US\$60 per barrel by the end of 2017, however further gains may be limited by a strong US dollar, an anticipated recovery in US oil output, and a possible non-compliance by OPEC with the agreed cuts.

2. THE OFFSHORE OIL AND GAS SECTOR HANGOVER

From the super-cycle that peaked in 2014, the industry came to experience its worst hangover in recent history. There was significant activity decline in 2016 and same is expected to continue in 2017 with offshore spending cut by 25 percent in 2016 and 0-10 percent in 2017. Oil companies were under pressure on refinery margins; budgets continued to shrink and smaller E&P firms were unable to raise cash. The rig market was also reportedly desperate with working rig count bottom in sight but not there yet. Rig utilization was at 60 percent and highest scrapping was seen since the 1990s. Re-contracting rate was also slow and the industry continued to drown in over-supply with 223 of the 540 jack up units and 123 of 286 floaters stacked, and at least 1,250 OSVs idle. There was also a slowly shrinking OSV orderbook with no new orders and a tsunami of new builds awaiting delivery. Excess capacity was seen in all offshore segments and about 351 new builds are still waiting to be delivered. OSV utilization and rates were also reported to be falling with rates close to bottom but utilization still deteriorating and older vessels hit most resulting in severely declining cash flows. Tender activity across offshore sectors were slow with rig tender activity and seismic spending at all time low (-63 percent down on 2013).

As a sign of some relief, oil fundamentals showed “silent recovery” when oil price started to move upward and suggested that an eventual cocktail of demand growth, production depletion and reduced capital expenditure will push price back up. A “credit void” has also been entered into for offshore debt as many companies entered into loan renegotiations and little new lending was seen. Refinancing support was also noted to be given against limitation on capital expenditure, and that there was increased liquidity/counterparty risks. Oil service stocks also tested all time lows with major offshore OSV/rig companies having lost 60-80 percent of their value and reported significant asset write downs. As stocks move with oil price, forward P/Es were also in the race to the bottom.

Despite the challenging business environment, oil demand remained robust and, with the depletion of cash positive fields, the oil market has been rebalancing. Shale growth slowed significantly. With depletion rates unsustainable, oil markets entered a re-balance phase and the next is expected to be recovery but it will be volatile. Restructuring has also started across the sector with new equity getting ready to enter. Survival strategies have also been implemented by those that remain. Finally, a period of cost optimization has started with project re-evaluation gathering pace. These are early signs of market stabilization with oil companies locking in future requirements at lower cost.

Wood Mackenzie forecasted that 'the global investment cycle will show the first signs of growth in 2017, bringing the crushing two-year investment slump to a close'.

Finally, BP has released the 2017 edition of its Energy Outlook to 2035 forecasting that energy demand is expected to increase by only 30 percent over the period as increases in demand are offset by gains in energy efficiency; renewable energy is expected to become the fastest growing source of fuel, increasing four fold over the next 20 years as competitiveness continues to grow; in spite of the growth of renewable energy, fossil fuels are expected to remain the major source in 2035 at 77 percent; and global oil production is expected to become more concentrated in the Middle East, the US and Russia as low cost producers increase their share – accounting for up to 63 percent of oil production in 2035, compared to 56 percent in 2015.

3. A YEAR FOR TOUGH DECISIONS

2016 was a year for tough decisions. During the downturn, industry players engaged in several activities in order to survive. These included operational measures such as heavy cost reductions across the value chain, laying up vessels and letting personnel go, cancelling new build contracts and deferring new build deliveries, scrapping vessels and rigs, back to basic service offered to oil companies, keeping utilization up while compromising on rates, technology drive to develop/offer low cost solutions, sale of businesses and vessels, and de-risking and de-leveraging.

Financial measures were also taken by many that included covenant waivers, debt installment deferrals, bonds expiry deferrals, junior bonds converted to equity, large impairments, shareholders' support with new cash/equity, outside equity to increase their presence in the market, sale of vessels, business rehabilitation and bankruptcies.

It was reported that many of the last 5-year start ups had disappeared and it would not be unlikely if at least 1/5 of the industry players could potentially disappear due to too many players and too much capacity.

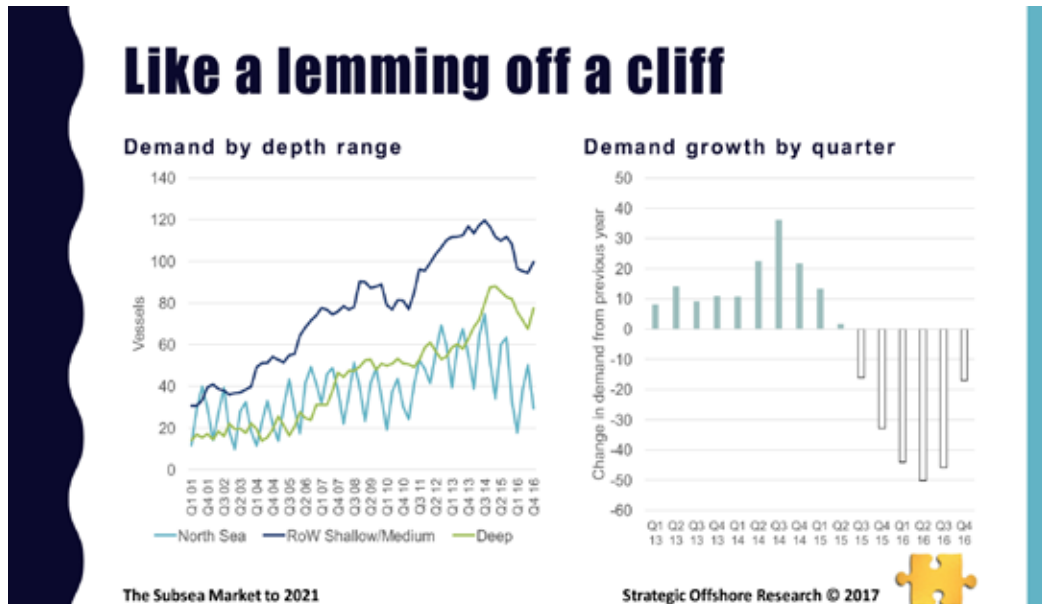
4. SUBSEA SERVICES – HUNTING DOWN ANY WORK

4.1 THE SUBSEA MARKET

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

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

During 2016, subsea field development EPC projects continued to stall rapidly for a second year and major subsea contractors experienced lackluster order intake and backlogs down 40-50 percent from peak 2014 levels. Contractors working on legacy backlogs saw activity declining through 2016 as work gradually completed, resulting in reducing demand for chartered vessels and OSVs to support field development. E&P sanctioning of new field developments is expected to remain at very low levels until oil price picks up further and looks set to remain at more reasonable levels for a sustained period again. Inspection, repair and maintenance services remain in demand, particularly in the shallow water segment. However, demand for such services had also experienced contraction.



(Source: Offshore Strategic Research)

Overall, the subsea market was characterized as being one where every quarter seemed to add another comparative down slope on the demand curve. Six consecutive quarters saw global demand fall. In this market, contractors were basically hunting down any work they can find.

4.2 TYPES OF SUBSEA VESSELS

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

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

5. OFFSHORE DRILLING – LITTLE SIGNS OF LIFE

5.1 THE OFFSHORE DRILLING MARKET

Oil prices may have rebounded during 2016, but rig demand across the board continues to wane. It takes a minimum of six to nine months of higher, sustained oil prices for rig demand to recover in any significant way. Based on the market dynamics currently in place, there is no anticipated market recovery until the second half of 2017 or later.

The prolonged downturn and lack of opportunities has led to some unusual thinking out of the box with a drilling contractor entering into an agreement with Saudi Aramco that guarantees continual work for six rigs and participation in a new build program for up to twenty more and another drilling contractor entering into a “vendor financed” charter with an operator in Nigeria where they only get paid after drilling is complete and when production begins.

5.2 TYPES OF OFFSHORE DRILLING RIGS

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



(Source: IHS Petrodata)

Tender Rigs

A tender rig is a barge moored alongside a platform and carries its own drilling equipment and has a crane capable of erecting the derrick onto the neighboring platform, eliminating the need for a separate derrick barge and related equipment. Tender rigs can operate in water depths of up to 2,000 feet and capable of drilling as far as 18,000 feet.

Jack-up Rigs

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

Semisubmersible Rigs

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

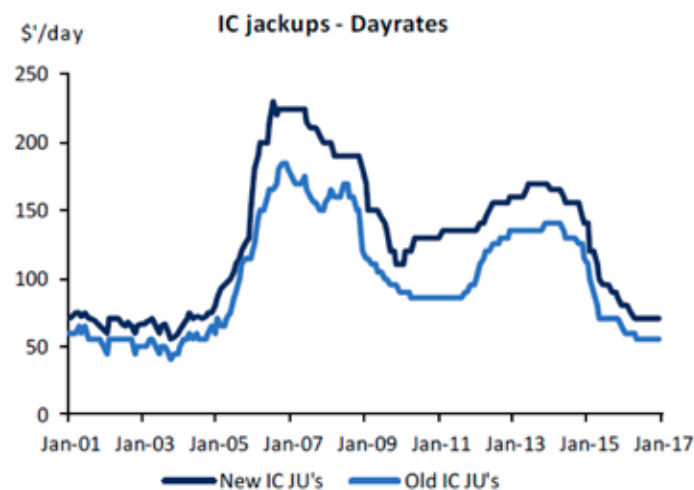
Drillships

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

5.3 THE JACK-UP DRILLING RIG MARKET

The jack-up fleet currently counts 486 rigs of which 50 cold stacked. Of these, 299 units are contracted, with a total and marketed utilization of ~62 percent and 69 percent respectively. Total utilization for the rigs >20 years old is ~56 percent while utilization for the jack-ups that are <10 years old is ~68 percent.

Reflective of the oversupplied market and the contractor's incentive to keep rigs active even at day rates below opex to maintain the highest marketability and avoid stacking costs, day rates are reported to be currently around cash break-even. The current market rate from premium IC jack-ups is USD 65-70,000/day depending on duration, region and type of work with certain pockets of profitable work. In general, rates have been somewhat better for incumbent jack-ups in e.g. the Middle East where demand has been relatively strong compared to e.g. the much oversupplied South East Asian market.



(Source: Pareto Securities Research)

Jack-up demand is expected to continue to decline in the near term but tendering activity is however reported to be on the rise. The jack-up order book currently counts 105 units, equal to ~22 percent and ~35 percent of current supply and demand respectively. The majority of the rigs in the order book were ordered in 2012-14 and are available for delivery imminently. While we expect these rigs to be delivered gradually over a long term period, the majority of the new builds will ultimately be delivered when contract opportunities emerge, effectively putting a lid on profitability in the market.

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

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

5.4 THE TENDER DRILLING RIG MARKET

There are approximately 43 tender rigs in the world and of these units, only about 17 are under contract. There are also eight tender rigs currently under construction. The majority of the units are operated in South East Asia given the benign shallow water environment which is more favourable for such tender rig units. The majority of the active fleet is controlled by three companies.

The demand for tender assist drilling remained stagnant throughout 2016 and expected to show little signs of life in 2017. Those owning modern units will probably be in a better position with access to employment with the older units leaning towards scrap recycling. The last reported fixture of a tender rig was at day rates below USD 70,000 per day.

6. SEEING THE FOREST FOR THE TREES

According to analysts Rystad Energy, oil and gas discoveries worldwide dropped in 2016 to their lowest level since the 1940s, totaling just over 6 million barrels of oil equivalent. Offshore discoveries fell to 2.3 billion barrels of oil equivalent, or 10 percent of that in 2010.

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

With oil companies not spending and lots of development pushed back and maintenance spending down, the result has been falling production and dwindling reserves. These are suggested by Strategic Offshore Research to be the tender for a new, fresh oil price spike. As subsea and offshore drilling remain a key sweet-spot in delivering more and new production, their demand is expected to eventually return.

7. 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, reputation, track record, and fiscal discipline. This is further elaborated below:

Geographical coverage and shallow water focused

Mermaid's fleet of subsea vessels are shallow water biased which is known to be more defensive and less affected by lower oil prices. This is because break even costs of such fields are reported to be lower than deeper water fields and therefore less likely to be subject to contraction in service demand. Mermaid has also developed strong local joint ventures in cabotage-protected markets serving NOCs in those countries. This includes Qatar, Saudi Arabia and Indonesia hence exposing Mermaid to the benefits of local expansions as NOCs strive for continued growth and energy security and therefore tend to be less price-sensitive.

IRM focused, 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 a stable order book mostly for subsea services, with more near term contract wins expected. This contract backlog is expected to provide a backbone of revenue in 2017 with room for additional upside. Mermaid's investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs has also stabilized in 2016 with these rigs having their contracts extended to 2019 given ongoing customer demand and their operational efficiency and customized modifications to suit customer field requirements.

Fiscal discipline

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

(References: BP, BRS Group, Clarksons Platou Offshore, Deloitte, DVB Bank, Icarus Consultants, IHS Petrodata, Kennedy Marr, Organization of the Petroleum Exporting Countries (OPEC), Pareto Securities Research, Rigzone, Rystad Energy, Strategic Offshore Research, US Energy Information Administration (EIA), Wikipedia, Wood Mackenzie).

14 MANAGEMENT DISCUSSION & ANALYSIS

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

- **Calendar-vessel-days/Calendar-rig-days:** Calendar-vessel-days and Calendar-rig-days are defined as the total number of days during which the vessels and drilling rigs have been owned and operated by the Group.
- **Available days:** Available days are defined as the number of Calendar-vessel-days or Calendar-rig-days less the total number of days that the vessels and drilling rigs are off-hire due to scheduled repairs or repairs under guarantee, and upgrades or special surveys. Available days represent the number of days during which the fleet is capable of generating revenues.
- **Operating days:** Operating days are defined as the number of available days less the total number of days that the fleet is off-hire due to any reason, including unforeseen circumstances. Operating days represent the number of days during which the fleet actually generates revenues.
- **Fleet utilisation:** Fleet utilisation is calculated by dividing the number of operating days by the number of available days. Fleet Utilisation measures the efficiency in finding suitable employment for the vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, or special surveys.
- **Dry-docking:** Each of the vessels and drilling rigs must be cyclically dry-docked for inspection, repairs and maintenance, and any modifications to fulfill industry certification or government requirements. Generally, the vessels and drilling rigs are dry-docked every five (5) years and additional interim dry-docked every two and a half (2.5) years. A substantial portion of the dry-docking costs are capitalised and amortised on a straight-line basis from the completion of a dry-docking to the estimated completion of the next dry-docking. Dry-docking is considered a separate component of a vessel’s or drilling rig’s total investment costs that have a different pattern of economic benefits and are therefore depreciated separately. Costs associated with routine repairs and maintenance that do not enhance or extend a vessel’s or a drilling rig’s useful life are expensed during the quarter in which they are incurred.
- **Depreciation:** The reduction in value of the vessels and drilling rigs is computed on a component basis, whereby each major component of a vessel or drilling rig is depreciated over its useful life. As components have different useful lives, the total of these component depreciation expenses is noted in the Group’s financial statements.
- **Service and administrative expenses:** Service and administrative expenses include onshore fleet related expenses such as payroll, rent, legal and professional expenses, and other general expenses. The depreciation of building and office equipment is also viewed as part of the service and administrative expenses
- **Exchange rate:** For 2016 financial numbers, the exchange rate of Baht 35.8307 and Baht 35.2964 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. 2015 and 2016) shall mean the financial years of the Group ending 31 December.

SUBSEA SERVICES

The subsea services group comprises Mermaid Subsea Services (Thailand) Ltd., Seascope Surveys Pte. Ltd. in Singapore, PT Seascope Surveys Indonesia, Mermaid Subsea Services (International) Ltd. in Seychelles, Mermaid Subsea Services LLC in Qatar, and Mermaid Subsea Services Saudi Arabia Co. 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 subsea inspection, repair and maintenance ("IRM") and survey works.

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

Unit: Days

Calendar-Vessel-Days	FY2016		FY2015	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	2,562	0.27%	2,555	0%
Chartered in Vessels	624	-43.01%	1,095	50.00%
Total	3,186	-12.71%	3,650	11.11%

Calendar days of owned vessel were maintained at 2,562 days as there was no new acquisition or disposal during the year. The overall calendar days decreased 464 days or 12.71% mainly due to expiry of chartered-in vessels 'Endeavor' and 'Nusantara' in February 2016. 'Nusantara' was subsequently re-chartered in August 2016 for a 1-year period with extended option for another 1-year to support demand for DSVs in the South East Asia area.

Table 2: Fleet Utilisation for Offshore Service Vessels

Unit: Days

Item	FY2016		FY2015	
	No. of Days	% Change	No. of Days	% Change
Calendar-Vessel-Days	3,186	-12.71%	3,650	11.11%
Planned Off-Hire Days	17	-92.74%	234	67.14%
Available Days	3,169	-7.23%	3,416	8.62%
Operating Days	1,484	-33.21%	2,222	9.35%
Fleet Utilisation	46.83%	-18.22%	65.05%	0.44%

Service revenues: Service revenues decreased 22.0% from US Dollars 225.2 million in 2015 to US Dollars 175.6 million in 2016. The decrease was mainly driven by lower fleet utilisation from 2,222 operating days in 2015 to 1,484 operating days in 2016 due to expiry of chartered-in vessels contracts and three small owned vessels being cold stacked. As a result, total fleet utilisation dropped from 65.05% in 2015 to 46.83% in 2016. Despite having lower fleet utilisation, average day rates increased from US Dollars 76.7 thousand in 2015 to US Dollars 81.7 thousand in 2016.

Costs of services: Recorded at US Dollars 145.8 million, costs of services, mainly consisting of service expenses and depreciation, decreased by 29.4% in 2016 compared to US Dollars 206.6 million in 2015.

Service expenses: Service expenses decreased 31.0% from US Dollars 182.3 million or equivalent US Dollars 49,939 per Calendar-vessel-day in 2015 to US Dollars 125.8 million or equivalent US Dollars 39,490 per Calendar-vessel-day in 2016. Service expenses as percentage of revenue decreased from 80.93% to 71.66% as a result of successful cost saving program implementations.

Depreciation: Depreciation expenses decreased from US Dollars 24.3 million in 2015 to US Dollars 20.0 million in 2016 representing a 17.7% decrease mainly due to reduced asset value from the impairment exercise at the end of 2015.

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 2016 with a comparison to same period of the year 2015.

Table 3: Project works for Cable Laying and Engineering Services

Item	FY2016		FY2015	
	Amt	% Change	Amt	% Change
No. of Project	2	-66.67%	6	50.00%
Average Project Value (USD MM)	4.3	-74.25%	16.7	57.55%
Average Working Days	89	-22.61%	115	32.18%

Service revenues: Revenues decreased 91.3% from US Dollars 111.3 million in 2015 to US Dollars 9.7 million in 2016. The declining was mainly driven by lacking numbers of awarded projects and size of projects.

Costs of services: Recorded at US Dollars 5.6 million, costs of services decreased by 93.7% in 2016 compared to 2015. The decrease primarily stemmed from lower project works.

OFFSHORE DRILLING SERVICES

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

Table 4: Calendar-Rig-Days for Drilling Rigs

Unit: Days

Calendar-Rig-Days	FY2016		FY2015	
	No. of Days	% Change	No. of Days	% Change
Owned Rigs	732	0.27%	730	0.00%
Chartered in Rigs	-	-	-	-
Total	732	0.27%	730	0.00%

Table 5: Fleet Utilisation for Drilling Rigs

Unit: Days

Item	FY2016		FY2015	
	No. of Days	% Change	No. of Days	% Change
Calendar-Rig-Days	732	0.27%	730	0.00%
Planned Off-Hire Days	-	n/a	-	n/a
Available Days	732	0.27%	730	0.00%
Unplanned Off-Hire Days	-	n/a	-	n/a
Operating Days	-	n/a	-	-100.00%
Fleet Utilisation	0.00%	-	0.00%	-100.00%

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

Cost of services: Cost of services consisting of service expenses and depreciation was down from US Dollars 8.2 million in 2015 to US Dollars 0.8 million in 2016 representing a 90.3% decrease.

Service expenses: US Dollars 0.8 million was reported as service expenses incurred in 2016 marking a 27.3% decreasing compared to US Dollars 1.1 million in 2015. The decrease was mainly due to decrease in stacking and related costs.

Depreciation: Depreciation decreased from US Dollars 7.1 million in 2015 to US Dollars 1,004 in 2016 because of the impairment impact to asset values in 2015.

OTHER OPERATING RESULTS

General and administrative expenses: In 2016, general and administrative expenses were US Dollars 28.5 million. Administrative expenses as percentage of revenue slightly increased from 14.5% in 2015 to 15.4% in 2016 as a result of revenue slow down.

Finance costs: The costs of finance were recorded at US Dollars 3.5 million in 2016, no significant change from 2015.

Interest income: Interest income increased by 137.6% from US Dollars 0.2 million in 2015 to US Dollars 0.5 million in 2016.

Foreign exchange gains (losses): Changes in foreign exchange rates resulted in US Dollars 4 thousand losses in 2016 compared to US Dollars 1.7 million gains in 2015.

Other income: Other revenues were recorded at US Dollars 1.4 million in 2016 increasing by 457.4% from US Dollars 0.2 million in 2015 with major income derived from early termination of new build vessel by mutual agreement.

Share of profits on investment in associated company: US Dollars 10.6 million was recorded as share of profits from investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs, an increase from loss of US Dollars 51.0 million in the previous year. The main reason was due to a major impairment of US Dollar 65.2 million recorded in 2015. In 2016, all three jack-up rigs operated steadily and achieved high utilisation rates of 100%, 99% and 99% for 'AOD-I', 'AOD-II', and 'AOD-III' respectively

Share of profits of investment in jointly-controlled entity: Share of profits of investment in jointly-controlled entity increased from US Dollars 0.7 million in 2015 to US Dollars 0.9 million in 2016.

Impairment provisions: No significant impairment was recorded in 2016 after booking a major of non-cash provision for asset impairment of US Dollars 163.3 million in 2015. This number excludes the share of loss on impairment from the AOD investment.

Income taxes: Income tax benefit incurred in 2016 were US Dollars 2.8 million, representing an advantage compared to US Dollars 0.5 million expenses in 2015.

Based on the factors illustrated above, the Group reported net operating gains of US Dollars 17.2 million in 2016, which showed a significant improvement from net profit of US Dollars 2.8 million in 2015 after excluding impairment provisions and extraordinary items.

LIQUIDITY AND CAPITAL RESOURCES

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

Table 6: Total Capitalisation

Unit: US Dollars'000

Item	As at 31 December	
	2016	2015
Cash and cash equivalents	97,744	63,260
Debt		
Short-term debt	-	3,613
Current portion, long-term debt (including finance leases)	9,901	103,794
Long-term debt (including finance leases)	79,616	17
Total Debt	89,517	107,424
Shareholders' Equity		
Ordinary shares, Baht 1 par value		
1,413.33 million shares (2015: 1,413.33 million shares) issued and fully paid-up	47,322	47,322
Additional paid-in capital	343,536	422,563
Retained earnings	(50,400)	(146,528)
Others	(2,211)	(2,318)
Total Shareholders' Equity	338,247	321,039
Total Capitalisation	427,764	428,463
Total Debt to Total Capitalisation	0.21	0.25

As at 31 December 2016, the Group's total cash and cash equivalents equaled US Dollars 97.7 million, an increase of US Dollars 34.4 million from US Dollars 63.3 million as at 31 December 2015.

In 2016, the Company generated net cash from operating activities of US Dollars 49.0 million compared to US Dollars 6.3 million in 2015. Before changes in working capital as well as tax and financial costs, the Company generated 37.5 million in 2016, compared to US Dollars 34.4 million for 2015.

The Company used net cash in investment activities of US Dollars 26.2 million, primarily for the increase in short-term deposits at financial institution of US Dollars 28.0 million. The Company purchased various equipments and intangible assets for US Dollars 5.4 million. In addition, the Company received dividend payment from an Asia Offshore Drilling Limited ("AOD") of US Dollars 6.8 million.

The Company used net cash for financing activities of US Dollars 18.0 million primarily for long-term loan repayment of US Dollars 14.4 million and short-term loan repayment of US Dollars 3.6 million.

As at 31 December 2016, the Company had a total debt including financial lease of US Dollars 89.5 million, comprising of US Dollars loans of 89,505 thousand and financial lease of US Dollars 12 thousand. In comparison, as at 31 December 2015, the Company had a total debt including financial lease of US Dollars 107.4 million, comprising of US Dollars loans of US Dollars 107,383 thousand and financial lease of US Dollars 41 thousand. Outstanding loans were obtained mainly for acquisitions of vessels, rigs, and equipment.

CAPITAL EXPENDITURES

The major capital expenditure in 2016 was new equipment purchases totaling of US Dollars 4.9 million.

QUALITATIVE AND QUANTITATIVE MARKET RISK

FOREIGN CURRENCY FLUCTUATION RISK

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

INTEREST RATE RISK

The Group is subject to market risks associated with changes in US Dollar interest rates, because almost of the Group's loans are denominated in US Dollars and set against LIBOR. Those interests incurred were paid under the existing credit facilities at a rate of LIBOR plus a certain margin. In some exceptional cases, such as with smaller loans in Qatari Dollar, the interests paid are at fixed rate.

CREDIT RISK

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

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

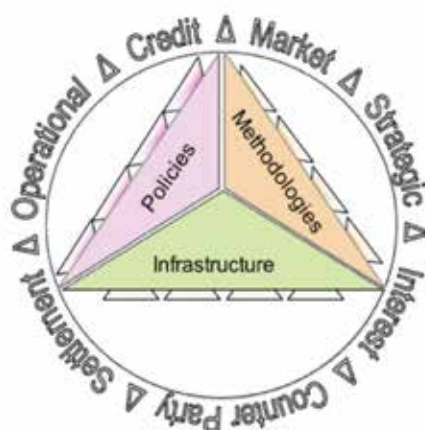
LIQUIDITY RISK

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

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

ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

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



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

RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

THE BOARD OF DIRECTORS

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

RISK MANAGEMENT COMMITTEE

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

MERMAID GROUP'S FIVE-STEP RISK MANAGEMENT PROCESS

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

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

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

KEY RISKS AND MITIGATION STRATEGIES

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

(A) STRATEGIC RISKS

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

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

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

(B) CREDIT RISKS

Credit default risks:

Credit default risk refers to customer credit risk due to uncertainty in customer's ability to meet its financial obligations to the Group. It may affect the Group's collectability on receivables which is already generally long outstanding as a normal practice for the oil and gas business. To reduce customer credit risk, the Group minimizes risk by developing Group credit policy and procedures including closely monitoring of account receivable collections.

Concentration risks:

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

(C) OPERATIONAL RISKS

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

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

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

In addition, the Group adopts mutual hold harmless provisions when contracting with customers in order to mitigate the effect of any liability to customers and/or third parties. Where liability for customer and/or third party property or personnel is undertaken, the Group takes initiatives to impose caps on liability. The Group also maintains insurance for hull and machinery, protection and indemnity, commercial general liability and workers compensation to adequate levels to reduce the financial impact of any adverse incidents.

(D) FINANCIAL RISKS

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

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

(E) COMPLIANCE RISKS

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

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

(F) HUMAN RESOURCES RISKS

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

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

(G) EXTERNAL RISKS

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

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

ENHANCING RISK MANAGEMENT CULTURE

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

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



MERMAID MARITIME PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

AND INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report

To the Shareholders of Mermaid Maritime Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Mermaid Maritime Public Company Limited and its subsidiaries (the "Group") and of Mermaid Maritime Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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



Key Audit Matters

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

The impairment testing of property, plant and equipment, goodwill, and investment in subsidiaries	
Refer to Notes 3, 12, 14, and 15 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>Oil and gas prices continued to be depressed, including during the year 2016, which influenced the expenditure of the Group's customers on oil and gas exploration and production activities, and in turn led to a more challenging environment for the Group to operate in. This is an indicator of impairment of property, plant and equipment, and goodwill arising from acquisition of investment in Mermaid Subsea Services (International) ("MSSI") in the consolidated financial statements, and of investment in Mermaid Subsea Services (Thailand) Ltd. ("MSST") in the separate financial statements.</p> <p>Management used the discounted cash flow forecast method to estimate the value-in-use of a vessel which had indication of impairment as at year end, and goodwill.</p> <p>In estimating the valuation, there are assumptions used for the estimation of future cash flows such as future profit, useful life, residual value and discount rate to be applied for the basis of assessing the valuation which contains inherent uncertainty. Therefore, this is a key area of judgment on which my audit was focused.</p>	<p>My audit procedures on impairment testing focused on assessing the reasonableness of impairment indicator identification and the key assumptions used to support management's forecast.</p> <p>My audit procedures also included inquiry of management for impairment testing. I assessed the appropriateness of the Group's forecasting process through considering the previous forecast experience by comparisons of previous forecasts with actual performance. I challenged the forecast by corroborating with the existing contracts assigned to the relevant vessels, comparing with the subsea industry information, and testing the mathematical accuracy of the impairment calculations.</p> <p>I consulted with KPMG valuation specialists in assessing the reasonableness of certain inputs used in the calculation of weighted average cost of capital (discount rate). I also considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standard.</p>
Recognition of deferred tax assets	
Refer to Notes 3 and 17 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group has recognised deferred tax assets, mainly arising from the tax losses carried forward at Mermaid Subsea Services (Thailand) Ltd. ("MSST") which expire in multiple years, and by 2023.</p> <p>In assessing the valuation of deferred tax assets, there is inherent uncertainty in the forecasting of future taxable profitability of MSST, and hence utilisation of tax losses carried forward before expiry. Therefore, this is a key area of judgment on which my audit was focused.</p>	<p>My audit procedures included inquiring the responsible management. I assessed the appropriateness of the Group's future taxable profits forecast process. I assessed reasonableness of assumptions used in forecasting future taxable profits through considering the previous forecast experience by comparing with actual performance, and comparison with industry information. I tested the mathematical accuracy of the forecast. I also considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standard.</p>



Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

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

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

(Pornthip Rindusit)
Certified Public Accountant
Registration No. 5565

KPMG Phoomchai Audit Ltd.
Bangkok
27 February 2017

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements					
Assets	Note	31 December		31 December	
		2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current assets					
Cash and cash equivalents	5	61,817	57,411	2,214,946	2,071,883
Short-term deposit at financial institution	6	27,950	-	1,001,468	-
Trade accounts receivable	4,7	65,253	114,785	2,338,061	4,142,430
Other receivables	8	15,473	13,825	554,408	498,925
Receivables from related parties	4	4	3	143	108
Deferred contract costs	9	1,695	3,734	60,733	134,755
Supplies and spare parts		1,877	2,519	67,254	90,907
Dividend receivable	4	-	6,752	-	243,670
Total current assets		174,069	199,029	6,237,013	7,182,678
Non-current assets					
Restricted deposit at financial institutions	10	7,977	5,849	285,821	211,082
Investments in associates and joint venture	11	86,324	74,797	3,093,049	2,699,319
Investment properties	13	619	699	22,179	25,226
Property, plant and equipment	14	198,192	214,262	7,101,357	7,732,416
Goodwill	15	2,066	2,066	74,026	74,559
Intangible assets	16	229	301	8,205	10,863
Deferred tax assets	17	2,448	2,507	87,714	90,474
Other non-current assets		161	295	5,769	10,646
Total non-current assets		298,016	300,776	10,678,120	10,854,585
Total assets		472,085	499,805	16,915,133	18,037,263

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

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements

Liabilities and equity	Note	31 December		31 December	
		2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current liabilities					
Short-term loans from financial institution	18	-	3,613	-	130,388
Trade accounts payable		5,764	12,073	206,528	435,698
Other payables	4,19	35,636	50,769	1,276,862	1,832,182
Current portion of long-term loans					
from financial institutions	18	9,890	103,770	354,366	3,744,914
Current portion of finance lease liabilities	18	11	24	394	866
Income tax payable		234	2,678	8,384	96,645
Total current liabilities		51,535	172,927	1,846,534	6,240,693
Non-current liabilities					
Long-term loans from financial institutions	18	79,615	-	2,852,661	-
Finance lease liabilities	18	1	17	36	614
Deferred tax liabilities	17	-	2,825	-	101,950
Employee benefit obligations	20	2,687	2,997	96,277	108,158
Total non-current liabilities		82,303	5,839	2,948,974	210,722
Total liabilities		133,838	178,766	4,795,508	6,451,415

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	
		2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Equity					
Share capital	21				
Authorised share capital		-	-	1,416,701	1,416,701
Issued and paid-up share capital		47,322	47,322	1,413,329	1,413,329
Premium on share capital	21, 36	343,536	422,563	12,271,678	13,558,613
Retained earnings (Deficit)					
Appropriated	22, 36	-	4,503	-	141,670
Deficit	36	(50,400)	(151,031)	(3,529,009)	(5,558,241)
Other components of equity		(1,801)	(1,790)	1,981,528	2,052,530
Equity attributable to owners of the Company		338,657	321,567	12,137,526	11,607,901
Non-controlling interests		(410)	(528)	(17,901)	(22,053)
Total equity		338,247	321,039	12,119,625	11,585,848
Total liabilities and equity		472,085	499,805	16,915,133	18,037,263

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

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Separate financial statements

Assets	Note	31 December		31 December	
		2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current assets					
Cash and cash equivalents	5	20,877	22,990	748,039	829,677
Short-term deposit at financial institution	6	27,950	-	1,001,468	-
Other receivables	8	197	118	7,059	4,258
Receivables from related parties	4	128,533	133,115	4,605,427	4,803,934
Short-term loans to related parties	4	50,627	130,008	1,814,001	4,691,807
Dividend receivable	4	-	9,600	-	346,451
Total current assets		228,184	295,831	8,175,994	10,676,127
Non-current assets					
Investment in joint venture	11	213	213	7,632	7,687
Investments in subsidiaries	12	192,319	122,177	6,890,924	4,409,197
Investment properties	13	2,197	2,481	78,720	89,536
Property, plant and equipment	14	142	205	5,088	7,398
Intangible assets	16	71	73	2,544	2,634
Deferred tax assets	17	11	26	394	938
Other non-current assets		33	37	1,182	1,335
Total non-current assets		194,986	125,212	6,986,484	4,518,725
Total assets		423,170	421,043	15,162,478	15,194,852

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

STATEMENT OF FINANCIAL POSITION

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

		Separate financial statements			
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current liabilities					
Other payables	4,19	36,332	36,630	1,301,800	1,321,925
Income tax payable		8	754	287	27,211
Total current liabilities		36,340	37,384	1,302,087	1,349,136
Non-current liabilities					
Employee benefit obligations	20	73	103	2,616	3,717
Total non-current liabilities		73	103	2,616	3,717
Total liabilities		36,413	37,487	1,304,703	1,352,853
Equity					
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, 36	343,536	422,563	12,271,678	13,558,613
Differences arising from common control transactions	22	(7,406)	(7,406)	(239,757)	(239,757)
Retained earnings (Deficit)					
Appropriated	22, 36	-	4,503	-	141,670
Unappropriated (Deficit)	36	3,277	(83,454)	(1,370,244)	(2,912,853)
Other components of equity		28	28	1,782,769	1,880,997
Total equity		386,757	383,556	13,857,775	13,841,999
Total liabilities and equity		423,170	421,043	15,162,478	15,194,852

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					
	Note	Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Income					
Revenue from rendering of services	4	185,249	336,586	6,533,377	11,527,296
Interest income		468	197	16,502	6,747
Net gain on foreign exchange		-	1,733	-	59,351
Other income	4	1,438	258	50,864	8,836
Total income		187,155	338,774	6,600,743	11,602,230
Expenses					
Cost of rendering of services	24	152,236	303,531	5,372,740	10,395,239
Administrative expenses	4,25	28,558	49,010	1,007,665	1,678,482
Net loss on foreign exchange		4	-	295	-
Impairment losses	15	6	163,275	199	5,851,107
Finance costs	27	3,477	3,410	122,724	116,785
Total expenses		184,281	519,226	6,503,623	18,041,613
Share of profit (loss) of investments in associates and joint venture	11	11,527	(50,362)	407,632	(1,724,783)
Profit (loss) before income tax (expense) benefit		14,401	(230,814)	504,752	(8,164,166)
Income tax (expense) benefit	28	2,825	(529)	100,277	(18,117)
Profit (loss) for the year		17,226	(231,343)	605,029	(8,182,283)
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gains (losses), net of tax	28	(6)	99	(215)	3,391
<i>Items that are or may be reclassified to profit or loss</i>					
Exchange differences on translating financial statements		(12)	(1,355)	(436)	(46,405)
Translation adjustments		-	-	(70,601)	1,554,963
Other comprehensive income (loss) for the year, net of income tax		(18)	(1,256)	(71,252)	1,511,949
Total comprehensive income (loss) for the year		17,208	(232,599)	533,777	(6,670,334)
Profit (loss) attributable to:					
Owners of the Company		17,107	(229,112)	600,842	(8,102,998)
Non-controlling interests		119	(2,231)	4,187	(79,285)
Profit (loss) for the year		17,226	(231,343)	605,029	(8,182,283)

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

STATEMENT OF COMPREHENSIVE INCOME

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated financial statements				
	Year ended 31 December		Year ended 31 December	
Note	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Total comprehensive income (loss)				
attributable to:				
Owners of the Company	17,090	(230,302)	529,625	(6,588,789)
Non-controlling interests	118	(2,297)	4,152	(81,545)
Total comprehensive income (loss) for the year	17,208	(232,599)	533,777	(6,670,334)
Earnings (losses) per share				
	<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings (losses) per share	30 0.012	(0.162)	0.425	(5.733)
Diluted losses per share	30	(0.162)		(5.733)

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

STATEMENT OF COMPREHENSIVE INCOME

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Separate financial statements

	Note	Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Income					
Management fee income	4	195	1,840	7,221	63,016
Interest income	4	3,060	4,259	108,492	145,861
Dividend income	4	-	6,150	-	210,623
Net gain on foreign exchange		3,373	-	119,101	-
Other income	4	399	477	14,096	16,336
Total income		7,027	12,726	248,910	435,836
Expenses					
Administrative expenses	4,25	3,790	11,906	133,645	407,752
Impairment losses on investments in subsidiaries	15	-	62,096	-	2,225,267
Net loss on foreign exchange		-	21,258	-	728,038
Total expenses		3,790	95,260	133,645	3,361,057
Profit (loss) before income tax expense		3,237	(82,534)	115,265	(2,925,221)
Income tax expense	28	(68)	(753)	(2,408)	(25,789)
Profit (loss) for the year		3,169	(83,287)	112,857	(2,951,010)
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial gain, net of tax	28	32	-	1,147	-
Items that are or may be reclassified to profit or loss					
Translation adjustments		-	-	(98,228)	1,397,851
Other comprehensive income (loss) for the year, net of income tax		32	-	(97,081)	1,397,851
Total comprehensive income (loss) for the year		3,201	(83,287)	15,776	(1,553,159)
Earnings (losses) per share		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings (losses) per share	30	0.002	(0.059)	0.080	(2.088)
Diluted losses per share	30		(0.059)		(2.088)

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

STATEMENT OF CHANGES IN EQUITY MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

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

STATEMENT OF CHANGES IN EQUITY MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements											
	Retained earnings (Deficit)					Other components of equity						
	Issued and paid-up share capital	Premium on share capital	Appropriated	Unappropriated (Deficit)	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	
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>Distributions to owners of the Company</i>												
Dividends to owners of the Company	-	-	-	(398,700)	-	-	-	-	(398,700)	-	(398,700)	
<i>Total 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 (loss) 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	
Total comprehensive income (loss) for the year	-	-	-	(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 financial statements											
	Retained earnings (Deficit)					Other components of equity						
	Issued and paid-up share capital	Premium on share capital	Appropriated	Deficit	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	
Year ended 31 December 2016												
Balance at 1 January 2016	1,413,329	13,558,613	141,670	(5,558,241)	2,163,139	874	(111,483)	2,052,530	11,607,901	(22,053)	11,585,848	
Comprehensive income for the year												
Profit or loss	-	-	-	600,842	-	-	-	-	600,842	4,187	605,029	
Defined benefit plan actuarial losses, net of tax	-	-	-	(215)	-	-	-	-	(215)	-	(215)	
Exchange differences on translating financial statements	-	-	-	-	(71,002)	-	-	(71,002)	(71,002)	(35)	(71,037)	
Total comprehensive income for the year	-	-	-	600,627	(71,002)	-	-	(71,002)	529,625	4,152	533,777	
Transfer premium on share capital to compensate for deficit	36	(1,286,935)	-	1,286,935	-	-	-	-	-	-	-	
Transfer legal reserve to compensate for deficit	36	-	(141,670)	141,670	-	-	-	-	-	-	-	
Balance at 31 December 2016	1,413,329	12,271,678	-	(3,529,009)	2,092,137	874	(111,483)	1,981,528	12,137,526	(17,901)	12,119,625	

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

STATEMENT OF CHANGES IN EQUITY MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Separate financial statements						Total equity
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings (Deficit)	Unappropriated (Deficit)	Share-based payment	
Year ended 31 December 2015							
Balance at 1 January 2015	47,322	422,563	(7,406)	4,503	12,129	28	479,139
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	-	-	-	-	(12,296)	-	(12,296)
<i>Total distributions to owners of the Company</i>	-	-	-	-	(12,296)	-	(12,296)
Total transactions with owners, recorded directly in equity	-	-	-	-	(12,296)	-	(12,296)
Comprehensive loss for the year							
Profit or loss	-	-	-	-	(83,287)	-	(83,287)
Total comprehensive loss for the year	-	-	-	-	(83,287)	-	(83,287)
Balance at 31 December 2015	47,322	422,563	(7,406)	4,503	(83,454)	28	383,556

(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

	Separate financial statements						Total equity
	Issued and paid-up share capital	Premium on share capital	Differences arising from common control transactions	Retained earnings (Deficit)	Other components of equity		
Year ended 31 December 2016							
Balance at 1 January 2016	47,322	422,563	(7,406)	4,503	(83,454)	28	383,556
Comprehensive income for the year							
Profit or loss	-	-	-	-	3,169	-	3,169
Defined benefit plan actuarial gains, net of tax	-	-	-	-	32	-	32
Total comprehensive income for the year	-	-	-	-	3,201	-	3,201
Transfer premium on share capital to compensate for deficit	-	(79,027)	-	-	79,027	-	-
Transfer legal reserve to compensate for deficit	-	-	-	(4,503)	4,503	-	-
Balance at 31 December 2016	47,322	343,536	(7,406)	-	3,277	28	386,757

(in thousand US Dollar)

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

STATEMENT OF CHANGES IN EQUITY MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

(in thousand Baht)

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

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements			
	Year ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	17,226	(231,343)	605,029	(8,182,283)
<i>Adjustments for:</i>				
Depreciation	20,902	32,340	737,703	1,107,571
Amortisation	2,180	2,323	76,948	79,557
Interest income	(468)	(197)	(16,502)	(6,747)
Finance costs	3,477	3,410	122,724	116,785
Bad debt expenses	457	188	16,034	6,785
Net (gain) loss on disposals and write-offs of property, plant and equipment and intangible assets	10	(27)	358	(925)
Net impairment losses on property, plant and equipment and related supplies and spare parts	6	155,205	199	5,561,911
Impairment losses on goodwill	-	8,070	-	289,196
Unrealised loss (gain) on exchange rates	125	(422)	4,629	(14,453)
Employee benefit obligations	186	561	6,525	19,213
Non-refundable withholding taxes	7,770	13,448	274,720	460,563
Share of (profit) loss of investments in associates and joint venture, net off tax	(11,527)	50,362	(407,632)	1,724,783
Income tax expense (benefit)	(2,825)	529	(100,277)	18,117
Cash flows from operations before changes in operating assets and liabilities	37,519	34,447	1,320,458	1,180,073
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institution	(2,128)	(1,848)	(76,248)	(66,692)
Trade accounts receivable	49,151	(4,194)	1,761,115	(151,356)
Receivables from related parties	(1)	-	(36)	-
Other receivables	(389)	2,410	(13,938)	86,973
Supplies and spare parts	642	316	23,003	11,404
Other non-current assets	132	264	4,730	9,527
Trade accounts payable	(6,213)	(17,008)	(222,616)	(613,795)
Other payables	(22,112)	3,461	(792,288)	124,902
Exchange rate (gains) losses from translating financial statements	(12)	(1,355)	5,157	220,683
Cash generated from operating activities	56,589	16,493	2,009,337	801,719
Finance costs paid	(3,378)	(3,300)	(119,231)	(113,017)
Employee benefits paid	(509)	(332)	(18,030)	(11,370)
Income tax paid	(3,658)	(6,551)	(129,838)	(224,357)
Net cash from operating activities	49,044	6,310	1,742,238	452,975

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

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated financial statements			
	Year ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>				
Interest received	319	203	11,430	7,326
Dividends received from associates	6,752	6,752	241,929	243,670
Increase in short-term deposit at financial institution	(27,950)	-	(1,001,468)	-
Payment for investments in subsidiaries	-	(1,739)	-	(62,758)
Proceeds from disposals of property, plant and equipment and intangible assets	65	282	2,329	10,177
Payment for purchases of property, plant and equipment and intangible assets	(5,382)	(25,131)	(192,841)	(899,543)
Net cash used in investing activities	(26,196)	(19,633)	(938,621)	(701,128)
<i>Cash flows from financing activities</i>				
Dividends paid to shareholders	-	(12,296)	-	(398,700)
Finance lease payments	(24)	(41)	(860)	(1,480)
Proceeds from short-term loans from financial institutions	-	7,989	-	288,312
Repayments of short-term loans from financial institutions	(3,613)	(4,376)	(129,456)	(157,920)
Repayments of long-term loans from financial institutions	(14,375)	(9,000)	(515,066)	(324,797)
Net cash used in financing activities	(18,012)	(17,724)	(645,382)	(594,585)
Net increase (decrease) in cash and cash equivalents	4,836	(31,047)	158,235	(842,738)
Cash and cash equivalents at 1 January	57,411	89,408	2,071,883	2,947,156
Effects of exchange rate changes on balances held in foreign currencies	(430)	(950)	(15,172)	(32,535)
Cash and cash equivalents at 31 December	61,817	57,411	2,214,946	2,071,883
<i>Non-cash transactions</i>				
Receivable for sales of property, plant and equipment	23	16	824	577
Payables for purchase of property, plant and equipment and intangible assets	-	470	-	16,962
Finance lease agreements for purchases of equipment	12	40	430	1,444
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		Year ended 31 December	
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	3,169	(83,287)	112,857	(2,951,010)
<i>Adjustments for:</i>				
Depreciation	358	439	12,637	15,035
Amortisation	30	34	1,059	1,164
Interest income	(3,060)	(4,259)	(108,492)	(145,861)
Dividend income	-	(6,150)	-	(210,623)
Bad debt expenses	44	5,956	1,550	214,943
Gain on disposals of property, plant and equipment and intangible assets	(11)	-	(389)	-
Impairment losses on investments in subsidiaries	-	62,096	-	2,225,267
Unrealised (gain) loss on exchange rates	(1,257)	21,177	(44,210)	725,263
Employee benefit obligations	8	26	281	890
Non-refundable withholding taxes	52	-	1,840	-
Income tax expense	68	753	2,408	25,789
Cash flows used in operations before changes in operating assets and liabilities	(599)	(3,215)	(20,459)	(99,143)
<i>Changes in operating assets and liabilities</i>				
Receivables from related parties	8,042	(19,830)	288,150	(715,637)
Other receivables	47	90	1,684	3,248
Other non-current assets	4	-	143	-
Other payables	(349)	(298)	(12,505)	(10,754)
Exchange rate (gain) loss from translating financial statements	-	-	(70,575)	129,032
Cash from (used in) operating activities	7,145	(23,253)	186,438	(693,254)
Employee benefits paid	-	(54)	-	(1,849)
Income tax paid	(796)	(1,119)	(28,114)	(38,323)
Net cash from (used in) operating activities	6,349	(24,426)	158,324	(733,426)
<i>Cash flows from investing activities</i>				
Interest received	250	165	8,958	5,955
Dividends received from a subsidiary	9,600	6,150	343,975	210,623
Increase in short-term deposit at financial institution	(27,950)	-	(1,001,468)	-
Short-term loans received from related parties	79,789	2,396	2,858,896	86,500
Short-term loans provided to related parties	-	(7,069)	-	(255,110)
Payment for investments in subsidiaries	(70,142)	-	(2,450,000)	-
Proceeds from disposals of property, plant and equipment and intangible assets	11	-	394	-
Payment for purchases of property, plant and equipment and intangible assets	(38)	(64)	(1,361)	(2,310)
Net cash from (used in) investing activities	(8,480)	1,578	(240,606)	45,658

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

STATEMENT OF CASH FLOWS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Separate financial statements			
	Year ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from financing activities</i>				
Proceeds from short-term loans from related parties	6,800	-	243,649	-
Repayments of short-term loans from related parties	(6,800)	-	(243,649)	-
Dividends paid to shareholders	-	(12,296)	-	(398,700)
Net cash used in financing activities	-	(12,296)	-	(398,700)
Net decrease in cash and cash equivalents	(2,131)	(35,144)	(82,282)	(1,086,468)
Cash and cash equivalents at 1 January	22,990	58,232	829,677	1,919,501
Effects of exchange rate changes on balances held in foreign currencies	18	(98)	644	(3,356)
Cash and cash equivalents at 31 December	20,877	22,990	748,039	829,677
<i>Non-cash transactions</i>				
Amount due from disposals of investments in associates under common control transactions	74,997	80,341	2,687,195	2,899,394
Dividend receivable	-	9,600	-	346,451

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

NOTES TO THE FINANCIAL STATEMENTS

MERMAID MARITIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2016

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 February 2017.

1 General information

Mermaid Maritime Public Company Limited (the “Company”) is a public company limited which is incorporated in Thailand and is listed on the Singapore Exchange Securities Trading Limited. The address of its registered office is at 26/28-29 Orakarn Building, 9th floor, Soi Chidlom, Ploenchit Road, Kwaeng Lumpinee, Khet Pathumwan, Bangkok 10330, Thailand.

The Company and its subsidiaries, the “Group”, provide a wide range of services to the offshore oil & gas industries. The scope of services comprises sub-sea engineering and inspection by divers and remotely operated vehicle (“ROV”) systems and ownership and operations of a fleet of offshore service vessels and tender drilling rigs.

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

Details of the Company’s subsidiaries, associates, and joint venture as at 31 December 2016 and 2015 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2016	31 December 2015
<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
Mermaid Drilling (Malaysia) Sdn. Bhd.	”	Malaysia	95.0	95.0
MTR - 1 (Singapore) Pte. Ltd.	”	Singapore	95.0	95.0
MTR - 2 (Singapore) Pte. Ltd.***	”	Singapore	95.0	95.0

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2016	31 December 2015
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: Mermaid International Ventures, which has three subsidiaries and four associates as follows: Subsidiaries	Investment holding "	Mauritius Cayman	100.0 100.0	100.0 100.0
Mermaid Subsea Services (International) Ltd., which has two subsidiaries as follows: Subtech Saudi Arabia Limited Mermaid Subsea Services LLC*	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry "	Seychelles Saudi Arabia Qatar	100.0 95.0 49.0	100.0 95.0 49.0
Associates Asia Offshore Drilling Limited, which has three subsidiaries as follows:	Drilling services "	Bermuda Bermuda Bermuda	33.76 33.76 33.76	33.76 33.76 33.76
Asia Offshore Rig 1 Limited Asia Offshore Rig 2 Limited Asia Offshore Rig 3 Limited	" " "	Bermuda Bermuda Bermuda	33.76 33.76 33.76	33.76 33.76 33.76
Joint venture 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.

** Seascope Surveys (Thailand) Ltd. was liquidated on 21 February 2017.

*** MTR-2 (Singapore) Pte. Ltd. and Mermaid MTN Pte. Ltd. were deregistered on 10 January 2017.

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 2016. 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 2017 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 38.

(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	Impairment test : Key assumptions underlying recoverable amounts ;
Note 17	Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used.

Measurement of fair values

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

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

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that 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.

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.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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

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

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

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

Acquisitions from entities under common control

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

Subsidiaries

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

Non-controlling interests

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

Loss of control

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

Interests in equity-accounted investees

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

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

Interests in associates and joint ventures are accounted for using the equity method. They are 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
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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 Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/nationality	Nature of relationship
Thoresen Thai Agencies Public Company Limited	Thailand	Ultimate parent company, some common directors
Thoresen & Company (Bangkok) Limited	Thailand	99.9% holding by a subsidiary of ultimate parent company
Unique Mining Services Public Company Limited	Thailand	90.11% holding by a subsidiary of ultimate parent company
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

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

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

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

<i>Year ended 31 December</i>	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
<i>Parent</i>				
Rental income	43	42	1,518	1,438
Other administrative expenses	84	68	2,963	2,329
<i>Joint venture</i>				
Revenue from rendering of services	76,766	77,976	2,710,313	2,670,499
<i>Other related parties</i>				
Other administrative expenses	2	3	70	103
<i>Key management personnel compensation</i>				
Short-term employee benefits	1,280	1,555	45,158	53,255
Post-employment benefits and other long-term benefits	1	1	35	34
Total key management personnel compensation	1,281	1,556	45,193	53,289

<i>Year ended 31 December</i>	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Parent				
Rental income	43	42	1,518	1,438
Other administrative expenses	84	26	2,963	890
Subsidiaries				
Dividend income	-	6,150	-	210,623
Management fee income	195	1,840	7,221	63,016
Interest income	2,672	4,108	94,822	140,690
Rental income	268	360	9,470	12,329
Other income	66	72	2,329	2,466
Other administrative expenses	46	17	1,621	582
Other related parties				
Other administrative expenses	2	3	70	103
Key management personnel compensation				
Short-term employee benefits	701	561	24,707	19,213
Post-employment benefits and other long-term benefits	1	1	35	34
Total key management personnel compensation	702	562	24,742	19,247

During the year ended 31 December 2016, the Company reduced management fee rate and reduced interest rate charged on short-term loans to related parties to reflect the reduced actual cost incurred by the Company.

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

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Trade accounts receivable from related parties				
Joint venture	31,714	43,966	1,136,335	1,586,671
Total	31,714	43,966	1,136,335	1,586,671
Receivables from related parties				
Parent	4	3	143	108
Total	4	3	143	108
Dividend receivable				
Associates	-	6,752	-	243,670
Total	-	6,752	-	243,670
Payables to related parties				
Parent	4	8	143	289
Total	4	8	143	289

	Separate financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Receivables from related parties				
Parent	4	3	143	108
Subsidiaries	59,488	58,727	2,131,497	2,119,375
Subsidiaries - transferred investments in associates under common control	74,997	80,341	2,687,195	2,899,394
Total	134,489	139,071	4,818,835	5,018,877
Less allowance for doubtful account	(5,956)	(5,956)	(213,408)	(214,943)
Net	128,533	133,115	4,605,427	4,803,934
Bad and doubtful debts expense for the year	-	5,956	-	214,943
Short-term loans to related parties				
Subsidiaries	50,627	130,008	1,814,001	4,691,807
Total	50,627	130,008	1,814,001	4,691,807
Dividend receivable				
Subsidiaries	-	9,600	-	346,451
Total	-	9,600	-	346,451
Payables to related parties				
Parent	4	8	143	289
Subsidiaries	35,362	35,364	1,267,046	1,276,237
Total	35,366	35,372	1,267,189	1,276,526

Movements of short-term loans to related parties, excluding interest receivables from related parties, during for the years ended 31 December 2016 and 2015 were as follows:

	Separate financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Subsidiaries				
At 1 January	130,008	136,507	4,691,807	4,499,680
Increases	-	7,069	-	255,110
Decreases	(82,000)	(2,413)	(2,938,117)	(87,082)
Realised gains on exchange rates	2,211	17	79,221	582
Unrealised gains (losses) on exchange rates	408	(11,172)	14,281	(382,615)
Translation adjustments	-	-	(33,191)	406,132
At 31 December	50,627	130,008	1,814,001	4,691,807

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 1.50% per annum and are denominated in Thai Baht.

5 Cash and cash equivalents

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Cash on hand	87	124	3,117	4,475
Cash at bank	61,730	57,287	2,211,829	2,067,408
Total	61,817	57,411	2,214,946	2,071,883

	Separate financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Cash on hand	1	2	36	72
Cash at bank	20,876	22,988	748,003	829,605
Total	20,877	22,990	748,039	829,677

6 Short-term deposit at financial institution

	Consolidated/Separate financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Short-term deposit at financial institution	27,950	-	1,001,468	-
Total	27,950	-	1,001,468	-

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

7 Trade accounts receivable

	Note	Consolidated financial statements			
		2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Joint venture	4	31,714	43,966	1,136,335	1,586,671
Other parties		25,929	62,692	929,054	2,262,467
Retention receivables		4,695	-	168,225	-
Accrued income		3,500	8,315	125,408	300,077
Total		65,838	114,973	2,359,022	4,149,215
Less allowance for doubtful account		(585)	(188)	(20,961)	(6,785)
Net		65,253	114,785	2,338,061	4,142,430
Bad and doubtful debts expense for the year		397	188	13,911	6,785

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Within credit terms	26,696	37,717	956,536	1,361,154
Overdue:				
Less than 3 months	28,987	56,930	1,038,625	2,054,524
3-6 months	3,498	18,619	125,336	671,934
6-12 months	174	1,286	6,235	46,410
Over 12 months	1,788	421	64,065	15,193
	61,143	114,973	2,190,797	4,149,215
Less allowance for doubtful account	(585)	(188)	(20,961)	(6,785)
Net	60,558	114,785	2,169,836	4,142,430
Retention receivables	4,695	-	168,225	-
Total	65,253	114,785	2,338,061	4,142,430

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			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Input taxes awaiting invoice	5,517	5,433	197,678	196,069
Withholding taxes	4,737	4,202	169,730	151,644
Value added tax refundable	2,129	135	76,284	4,872
Prepaid expenses	1,736	1,780	62,202	64,238
Advances for business expenses	735	900	26,336	32,480
Others	619	1,375	22,178	49,622
Total	15,473	13,825	554,408	498,925

	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Accrued interest income	146	8	5,231	289
Prepaid expenses	42	43	1,505	1,552
Withholding taxes	-	52	-	1,877
Others	9	15	323	540
Total	197	118	7,059	4,258

9 Deferred contract cost

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
At 1 January	3,734	5,772	134,755	190,262
Amortisation	(2,039)	(2,038)	(71,969)	(69,797)
Translation adjustments	-	-	(2,053)	14,290
At 31 December	1,695	3,734	60,733	134,755

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

As at 31 December 2016, US Dollar 5.7 million or equivalent to Baht 202.5 million (2015: US Dollar 5.4 million or equivalent to Baht 195.8 million) restricted deposit at a financial institution was pledged against long-term loans with a local financial institution. The restricted deposit must be maintained at a minimum amount of the next two principal and interest payment after the two-year grace period expired in September 2013.

As at 31 December 2016, US Dollar 2.0 million or equivalent to Baht 71.7 million (2015: nil) restricted deposit at a financial institution was deposited by a subsidiary to secure a US Dollar 2.0 million or equivalent to Baht 71.7 million guarantee from the financial institution for certain equipment rental.

11 Investments in associates and joint venture

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Associates				
At 1 January	73,721	138,248	2,660,488	4,557,069
Share of profits before impairment loss of associates	10,638	14,152	376,258	484,673
Share of impairment loss on property, plant and equipment of associates	-	(65,175)	-	(2,232,094)
Dividend income	-	(13,504)	-	(462,481)
Translation adjustments	-	-	(14,104)	313,321
At 31 December	84,359	73,721	3,022,642	2,660,488
Joint venture				
At 1 January	1,076	415	38,831	13,680
Share of profits of joint venture	889	661	31,374	22,638
Translation adjustments	-	-	202	2,513
At 31 December	1,965	1,076	70,407	38,831
Total				
At 1 January	74,797	138,663	2,699,319	4,570,749
Share of profits before impairment loss of associates and joint venture	11,527	14,813	407,632	507,311
Share of impairment loss on property, plant and equipment of associates	-	(65,175)	-	(2,232,094)
Dividend income	-	(13,504)	-	(462,481)
Translation adjustments	-	-	(13,902)	315,834
At 31 December	86,324	74,797	3,093,049	2,699,319
	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Joint venture				
At 1 January	213	213	7,687	7,021
Translation adjustments	-	-	(55)	666
At 31 December	213	213	7,632	7,687

During the year ended 31 December 2016 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 4). 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).

Investments in associates and joint venture as at 31 December 2016 and 2015 and dividend income from those investments for the years then ended, were as follows:

	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Associates												
Group of AOD Companies ^(a)	Drilling services	Bermuda	33.76	33.76	USD 60 million	USD 60 million	97,582	97,582	84,359	73,721	-	13,504
							97,582	97,582	84,359	73,721	-	13,504
Joint venture												
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	1,965	1,076	-	-
							213	213	1,965	1,076	-	-
Total							97,795	97,795	86,324	74,797	-	13,504

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity (in thousand Baht)		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Associates											
Group of AOD Companies ^(a)	Bermuda	33.76	33.76	USD 60 million	USD 60 million	3,496,431	3,521,598	3,022,642	2,660,488	-	462,481
						3,496,431	3,521,598	3,022,642	2,660,488	-	462,481
Joint venture											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	7,632	7,687	70,407	38,831	-	-
						7,632	7,687	70,407	38,831	-	-
Total						3,504,063	3,529,285	3,093,049	2,699,319	-	462,481

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

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.

	Associates			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Revenue	77,115	113,900	2,726,227	3,900,813
Profit (loss) from continuing operations	31,530	(134,761)	1,116,810	(4,615,254)
Total comprehensive income (loss) (100%)	31,530	(134,761)	1,116,810	(4,615,254)
Group's share of total comprehensive income (loss) (% hold)	10,645	(45,495)	377,035	(1,558,110)
Current assets	42,741	88,722	1,531,440	3,201,853
Non-current assets	455,430	472,775	16,318,359	17,061,748
Current liabilities	(47,713)	(63,264)	(1,709,590)	(2,283,109)
Non-current liabilities	(200,579)	(279,864)	(7,186,886)	(10,099,900)
Net assets (100%)	249,879	218,369	8,953,323	7,880,592
Group's share of net assets (% hold)	84,359	73,721	3,022,642	2,660,488

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:

	Immaterial Joint venture			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Carrying amount of interest in immaterial joint venture	1,965	1,076	70,407	38,831
Group's share of:				
- Profit from continuing operations	889	661	31,374	22,638
- Total comprehensive income	889	661	31,374	22,638

12 Investments in subsidiaries

	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
At 1 January	122,177	184,273	4,409,197	6,074,191
Acquisition	70,142	-	2,450,000	-
Allowance for impairment	-	(62,096)	-	(2,225,267)
Translation adjustments	-	-	31,727	560,273
At 31 December	192,319	122,177	6,890,924	4,409,197

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

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

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

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.

Investments in subsidiaries as at 31 December 2016 and 2015 and dividend income from those investments for the years then ended were as follows:

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost-net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>									
Direct subsidiaries										
Mermaid Subsea Services (Thailand) Ltd.	THB 5,380 million	THB 2,930 million	153,485	83,343	-	-	153,485	83,343	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	14,074	14,074	(10,600)	(10,600)	3,474	3,474	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	USD 51 million	USD 51 million	51,000	51,000	(15,640)	(15,640)	35,360	35,360	-	-
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	-	-	-	-	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	6,150
Total			262,559	192,417	(70,240)	(70,240)	192,319	122,177	-	6,150

Name of subsidiary	Paid – up capital		Cost		Impairment		At cost-net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>									
Indirect subsidiaries										
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)	(10,263)	4,005	4,005	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	200	200	-	-	200	200	-	-
Mermaid Offshore Services 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	(5,705)	(5,705)	2,629	2,629	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	164	164	(164)	(164)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	40	40	-	-	40	40	-	-
MTR - 2 (Singapore) Pte. Ltd.	-	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	-	-
Total			58,528	58,528	(43,594)	(43,594)	14,934	14,934	-	-

Name of subsidiary	Paid – up capital		Cost		Impairment		At cost-net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Direct subsidiaries										
Mermaid Subsea Services (Thailand) Ltd.	THB 5,380 million	THB 2,930 million	5,499,474	3,007,730	-	-	5,499,474	3,007,730	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	504,281	507,911	(379,805)	(382,539)	124,476	125,372	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	USD 51 million	USD 51 million	1,827,366	1,840,519	(560,392)	(564,427)	1,266,974	1,276,092	-	-
MTR - 3 (Singapore) Pte. Ltd.	USD 22 million	USD 22 million	788,275	793,949	(788,275)	(793,949)	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	USD 22 million	USD 22 million	788,275	793,949	(788,275)	(793,949)	-	-	-	-
Mermaid MTN Pte. Ltd.	-	SGD 100	-	3	-	-	-	3	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	210,623
Total			9,407,671	6,944,061	(2,516,747)	(2,534,864)	6,890,924	4,409,197	-	210,623

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost-net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Indirect subsidiaries										
Seascope Surveys (Thailand) Ltd.	THB 34 million	THB 34 million	30,098	30,314	(28,915)	(29,124)	1,183	1,190	-	-
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	511,232	514,912	(367,730)	(370,377)	143,502	144,535	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	7,166	7,218	-	-	7,166	7,218	-	-
Mermaid Offshore Services Pte. Ltd.	USD 20,400 thousand	USD 20,400 thousand	730,946	736,207	(730,946)	(736,207)	-	-	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	224,121	225,734	(224,121)	(225,734)	-	-	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	298,613	300,762	(204,414)	(205,885)	94,199	94,877	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	5,876	5,919	(5,876)	(5,919)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	1,433	1,444	-	-	1,433	1,444	-	-
MTR - 2 (Singapore) Pte. Ltd.	-	USD 1	-	-	-	-	-	-	-	-
Mermaid International Ventures	USD 100	USD 100	3	3	-	-	3	3	-	-
Mermaid Subsea Services (International) Ltd.	USD 1 SAR 500 thousand	USD 1 SAR 500 thousand	271,812	273,768	-	-	271,812	273,768	-	-
Subtech Saudi Arabia Limited	thousand	thousand	13,831	13,930	-	-	13,831	13,930	-	-
Mermaid Subsea Services LLC	thousand	thousand	1,971	1,985	-	-	1,971	1,985	-	-
Total			2,097,102	2,112,196	(1,562,002)	(1,573,246)	535,100	538,950	-	-

13 Investment properties

Consolidated financial statements				
<i>Note</i>	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Cost				
	1,519	-	54,819	-
	-	1,519	-	54,819
	-	-	(392)	-
	1,519	1,519	54,427	54,819
Depreciation				
	(820)	-	(29,593)	-
	(80)	-	(2,858)	-
	-	(820)	-	(29,593)
	-	-	203	-
	(900)	(820)	(32,248)	(29,593)
Net book value				
	699	-	25,226	-
	619	699	22,179	25,226
Separate financial statements				
<i>Note</i>	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Cost				
	5,388	-	194,445	-
	-	5,388	-	194,445
	-	-	(1,389)	-
	5,388	5,388	193,056	194,445
Depreciation				
	(2,907)	-	(104,909)	-
	(284)	-	(10,025)	-
	-	(2,907)	-	(104,909)
	-	-	598	-
	(3,191)	(2,907)	(114,336)	(104,909)
Net book value				
	2,481	-	89,536	-
	2,197	2,481	78,720	89,536

Investment properties were revalued as at 31 December 2016 by First Star Consultant Co., Ltd., a firm of independent professional valuers, at open market values on an existing use basis. The appraised value of investment properties was US Dollar 1.8 million or equivalent to Baht 62.9 million (2015: US Dollar 2.0 million or equivalent to Baht 71.1 million) and US Dollar 4.7 million or equivalent to Baht 167.0 million (2015: US Dollar 5.5 million or 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.

14 Property, plant and equipment

Cost	Consolidated financial statements										Total
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand US Dollar)	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	
At 1 January 2015	838	4,511	1,026	103,433	2,991	1,491	336,118	31,643	1,028	73,537	556,616
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)
At 31 December 2015	590	3,240	1,342	110,140	3,227	1,489	336,068	42,604	1,177	75,013	574,890
Additions	-	-	910	2,779	220	403	-	-	130	460	4,902
Transfers	-	-	-	1,817	11	-	-	-	1,562	(3,390)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(5)	(5)
Disposals	-	-	-	(122)	(202)	(182)	-	-	-	(19)	(525)
Write off	-	-	-	(46)	(17)	-	-	-	-	(70,418)	(70,481)
At 31 December 2016	590	3,240	2,252	114,568	3,239	1,710	336,068	42,604	2,869	1,641	508,781

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
Depreciation											
At 1 January 2015	-	(85,605)	(26,502)	(1,533,043)	(76,870)	(25,744)	(3,505,879)	(477,667)	(13,350)	-	(5,744,660)
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)
At 31 December 2015	-	(74,018)	(35,367)	(2,018,580)	(96,357)	(34,320)	(4,316,666)	(768,326)	(22,050)	-	(7,365,684)
Depreciation charge for the year	-	(6,883)	(4,869)	(221,333)	(10,937)	(7,131)	(331,848)	(143,479)	(8,365)	-	(734,845)
Disposals	-	-	-	4,371	7,202	6,020	-	-	-	-	17,593
Write off	-	-	-	1,397	322	-	-	-	-	-	1,719
Translation adjustments	-	425	177	11,101	482	138	25,745	3,318	31	-	41,417
At 31 December 2016	-	(80,476)	(40,059)	(2,223,044)	(99,288)	(35,293)	(4,622,769)	(908,487)	(30,384)	-	(8,039,800)

Consolidated financial statements

	Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
Impairment losses											
At 1 January 2015	-	-	-	(20,964)	-	-	(111,250)	(2,209)	-	-	(134,423)
Impairment losses	-	-	-	(844,258)	-	-	(1,739,405)	(305,430)	-	(2,574,523)	(5,463,616)
Reversal of impairment losses	-	-	-	430	-	-	-	-	-	-	430
Translation adjustments	-	-	-	(7,939)	-	-	(22,812)	(2,362)	-	(18,153)	(51,266)
At 31 December 2015 and 1 January 2016				(872,731)			(1,873,467)	(310,001)		(2,592,676)	(5,648,875)
Impairment losses	-	-	-	-	-	-	-	(1,982)	-	-	(1,982)
Write off	-	-	-	-	-	-	-	-	-	2,489,063	2,489,063
Reversal of impairment Losses	-	-	-	1,783	-	-	-	-	-	-	1,783
Translation adjustments	-	-	-	6,246	-	-	13,388	2,191	-	49,364	71,189
At 31 December 2016				(864,702)			(1,860,079)	(309,792)		(54,249)	(3,088,822)
Net book value											
At 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 and 1 January 2016	21,292	42,909	13,064	1,083,487	20,101	19,416	5,938,091	459,192	20,426	114,438	7,732,416
At 31 December 2016	21,140	35,615	40,632	1,017,306	16,768	25,977	5,558,704	308,252	72,414	4,549	7,101,357

Security

As at 31 December 2016, the Group's property, plant and equipment with a net book value of US Dollar 136.2 million (*2015: US Dollar 145.1 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 were restricted over entering into any transaction, unless prior written consent is given by the financial institution. During the year 2016, the Group repaid all amount of this loan agreement.

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.

Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment <i>(in thousand US Dollar)</i>	Office equipment	Motor vehicles	Construction in progress	Total
Cost								
At 1 January 2015	838	4,511	606	70	1,805	87	-	7,917
Additions	-	-	-	3	50	-	1	54
Transfers	-	-	-	-	1	-	(1)	-
Transfer to investment properties	(838)	(4,391)	(159)	-	-	-	-	(5,388)
At 31 December 2015 and 1 January 2016	-	120	447	73	1,856	87	-	2,583
Additions	-	-	-	-	11	-	-	11
Disposals	-	-	-	-	(143)	(48)	-	(191)
At 31 December 2016	-	120	447	73	1,724	39	-	2,403
Depreciation								
At 1 January 2015	-	(2,597)	(526)	(32)	(1,604)	(87)	-	(4,846)
Depreciation charge for the year	-	(274)	(16)	(12)	(137)	-	-	(439)
Transfer to investment properties	-	2,808	99	-	-	-	-	2,907
At 31 December 2015 and 1 January 2016	-	(63)	(443)	(44)	(1,741)	(87)	-	(2,378)
Depreciation charge for the year	-	(6)	-	(12)	(56)	-	-	(74)
Disposals	-	-	-	-	143	48	-	191
At 31 December 2016	-	(69)	(443)	(56)	(1,654)	(39)	-	(2,261)
Net book value								
At 1 January 2015	838	1,914	80	38	201	-	-	3,071
At 31 December 2015 and 1 January 2016	-	57	4	29	115	-	-	205
At 31 December 2016	-	51	4	17	70	-	-	142

Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment <i>(in thousand Baht)</i>	Office equipment <i>(in thousand Baht)</i>	Motor vehicles	Construction in progress	Total
Cost								
At 1 January 2015	27,623	148,696	19,976	2,307	59,498	2,868	-	260,968
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
At 31 December 2015 and 1 January 2016	-	4,331	16,132	2,634	66,980	3,140	-	93,217
Additions	-	-	-	-	394	-	-	394
Disposals	-	-	-	-	(5,124)	(1,720)	-	(6,844)
Translation adjustments	-	(31)	(116)	(18)	(478)	(23)	-	(666)
At 31 December 2016	-	4,300	16,016	2,616	61,772	1,397	-	86,101
Depreciation								
At 1 January 2015	-	(85,605)	(17,338)	(1,055)	(52,873)	(2,868)	-	(159,739)
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)
At 31 December 2015 and 1 January 2016	-	(2,274)	(15,987)	(1,588)	(62,830)	(3,140)	-	(85,819)
Depreciation charge for the year	-	(211)	36	(424)	(2,013)	-	-	(2,612)
Disposals	-	-	-	-	5,047	1,694	-	6,741
Translation adjustments	-	13	78	5	532	49	-	677
At 31 December 2016	-	(2,472)	(15,873)	(2,007)	(59,264)	(1,397)	-	(81,013)
Net book value								
At 1 January 2015	27,623	63,091	2,638	1,252	6,625	-	-	101,229
At 31 December 2015 and 1 January 2016	-	2,057	145	1,046	4,150	-	-	7,398
At 31 December 2016	-	1,828	143	609	2,508	-	-	5,088

15 Impairment losses

Impairment losses on assets for the year ended 31 December 2015 are classified as follows:

	Consolidated financial statements	
	<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
Total	163,275	5,851,107
	Separate financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Impairment loss on investments in subsidiaries	62,096	2,225,267
Total	62,096	2,225,267

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

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

Seascope CGU

	Consolidated financial statements	
	<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
31 December 2015	-	-

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

	Consolidated financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
1 January 2015	2,066	68,102
Impairment loss	-	-
Translation adjustments	-	6,457
31 December 2015	2,066	74,559
Translation adjustments	-	(533)
31 December 2016	2,066	74,026

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 and 2016. 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

	Consolidated financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Computer software		
Cost		
At 1 January 2015	2,101	69,255
Additions	233	8,409
Disposal	(2)	(72)
Translation adjustments	-	6,567
At 31 December 2015 and 1 January 2016	2,332	84,159
Additions	65	2,329
Transfer	5	179
Write off	(1)	(36)
Translation adjustments	-	(601)
At 31 December 2016	2,401	86,030
Amortisation		
At 1 January 2015	(1,748)	(57,619)
Amortisation for the year	(283)	(9,692)
Translation adjustments	-	(5,985)
At 31 December 2015 and 1 January 2016	(2,031)	(73,296)
Amortisation for the year	(141)	(4,979)
Translation adjustments	-	450
At 31 December 2016	(2,172)	(77,825)
Net book value		
At 1 January 2015	353	11,636
At 31 December 2015 and 1 January 2016	301	10,863
At 31 December 2016	229	8,205

	Separate financial statements	
	Computer software (in thousand US Dollar)	(in thousand Baht)
Cost		
At 1 January 2015	440	14,503
Addition	10	361
Translation adjustments	-	1,375
At 31 December 2015 and 1 January 2016	450	16,239
Addition	28	1,003
Translation adjustments	-	(115)
At 31 December 2016	478	17,127
Amortisation		
At 1 January 2015	(343)	(11,306)
Amortisation for the year	(34)	(1,164)
Translation adjustments	-	(1,135)
At 31 December 2015 and 1 January 2016	(377)	(13,605)
Amortisation for the year	(30)	(1,059)
Translation adjustments	-	81
At 31 December 2016	(407)	(14,583)
Net book value		
At 1 January 2015	97	3,197
At 31 December 2015 and 1 January 2016	73	2,634
At 31 December 2016	71	2,544

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 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>			
Total	2,448	2,648	-	(2,966)
Set off of tax	-	(141)	-	141
Net deferred tax assets (liabilities)	2,448	2,507	-	(2,825)
	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	87,714	95,563	-	(107,039)
Set off of tax	-	(5,089)	-	5,089
Net deferred tax assets (liabilities)	87,714	90,474	-	(101,950)

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>			
Total	11	26	-	-
Net deferred tax assets	11	26	-	-

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	394	938	-	-
Net deferred tax assets	394	938	-	-

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

	Consolidated financial statements			
	At 1 January 2016	(Charged) / Credited to :		At 31 December 2016
		Profit or loss <i>(note 28)</i>	Other comprehensive income	
	<i>(in thousand US Dollar)</i>			
Deferred tax assets				
Property, plant and equipment	179	-	-	179
Provisions	649	(143)	-	506
Retirement benefits obligation	326	(64)	7	269
Loss carry forward	1,494	-	-	1,494
Total	2,648	(207)	7	2,448
Deferred tax liabilities				
Property, plant and equipment	(2,212)	2,212	-	-
Share of net profits of equity- accounted associates	(754)	754	-	-
Total	(2,966)	2,966	-	-
Net	(318)	2,759	7	2,448

	Consolidated financial statements				At 31 December 2016
	At 1 January 2016	(Charged) / Credited to :			
		Profit or loss	Other comprehensive income (note 28)	Translation adjustments	
			(in thousand Baht)		
Deferred tax assets					
Property, plant and equipment	6,460	-	-	(46)	6,414
Provisions	23,422	(5,100)	-	(192)	18,130
Retirement benefits obligation	11,765	(2,269)	251	(108)	9,639
Loss carry forward	53,916	-	-	(385)	53,531
Total	95,563	(7,369)	251	(731)	87,714
Deferred tax liabilities					
Property, plant and equipment	(79,828)	78,353	-	1,475	-
Share of net profits of equity- accounted associates	(27,211)	26,893	-	318	-
Total	(107,039)	105,246	-	1,793	-
Net	(11,476)	97,877	251	1,062	87,714

	Consolidated financial statements				At 31 December 2015
	At 1 January 2015	(Charged) / Credited to :			
		Profit or loss	Other comprehensive income (note 28)		
			(in thousand US Dollar)		
Deferred tax assets					
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
Total	2,746	(66)	(32)	-	2,648
Deferred tax liabilities					
Property, plant and equipment	(2,274)	62	-	-	(2,212)
Share of net profits of equity- accounted associates	(1,222)	468	-	-	(754)
Total	(3,496)	530	-	-	(2,966)
Net	(750)	464	(32)	-	(318)

Consolidated financial statements

(Charged) / Credited to :

	At 1 January 2015	Profit or loss	Other comprehensive income (note 28) (in thousand Baht)	Translation adjustments	At 31 December 2015
Deferred tax assets					
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
Total	90,516	(2,260)	(1,095)	8,402	95,563
Deferred tax liabilities					
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)
Total	(115,238)	18,151	-	(9,952)	(107,039)
Net	(24,722)	15,891	(1,095)	(1,550)	(11,476)

Separate financial statements

(Charged) / Credited to :

	At 1 January 2016	Profit or loss	Other comprehensive income (note 28) (in thousand US Dollar)	At 31 December 2016
Deferred tax assets				
Retirement benefits obligation	26	(9)	(6)	11
Total	26	(9)	(6)	11

Separate financial statements

(Charged) / Credited to :

	At 1 January 2016	Profit or loss	Other comprehensive income (note 28) (in thousand Baht)	Translation adjustments	At 31 December 2016
Deferred tax assets					
Retirement benefits obligation	938	(322)	(215)	(7)	394
Total	938	(322)	(215)	(7)	394

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

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

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

	Consolidated financial statements			
	2016	2015	2016	2015
	(in thousand US Dollar)		(in thousand Baht)	
Tax losses	9,941	8,897	350,882	321,080
Impairment losses on property, plant and equipment and related supplies and spare parts	16,928	28,721	597,498	1,036,502
Impairment losses on goodwill	1,614	1,614	56,968	58,247
Bad and doubtful debts	9	42	318	1,516
Total	28,492	39,274	1,005,666	1,417,345

	Separate financial statements			
	2016	2015	2016	2015
	(in thousand US Dollar)		(in thousand Baht)	
Impairment losses on investments in subsidiaries	14,048	14,048	495,844	506,973
Bad and doubtful debts	1,191	1,191	42,038	42,982
Total	15,239	15,239	537,882	549,955

As at 31 December 2016, the Group had temporary differences arising from the unutilised tax losses carry forward which have not been recognised as deferred tax assets because it is not probable that the Group will be able to utilise the tax benefit in the foreseeable future. The tax losses will expire according to the following schedule:

Year of expiry	Tax losses	
	(in thousand US Dollar)	(in thousand Baht)
2017	235	8,295
2018	14,155	499,620
2019	930	32,825
2020	8,165	288,195
2021	3,855	136,070
2023	22,365	789,405
	49,705	1,754,410

18 Interest-bearing liabilities

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015 (in thousand US Dollar)	2016 (in thousand Baht)	2015 (in thousand Baht)
Current				
Short-term loans from financial institution				
Unsecured	-	3,613	-	130,388
Short-term loans from financial institution	-	3,613	-	130,388
Current portion of long-term loans from financial institutions				
Secured	9,890	97,395	354,366	3,514,849
Unsecured	-	6,375	-	230,065
Current portion of long-term loans from financial institutions	9,890	103,770	354,366	3,744,914
Current portion of finance lease liabilities	11	24	394	866
Total current interest-bearing liabilities	9,901	107,407	354,760	3,876,168
Non-current				
Long-term loans from financial institutions				
Secured	79,615	-	2,852,661	-
Long-term loans from financial institutions	79,615	-	2,852,661	-
Finance lease liabilities	1	17	36	614
Total non-current interest-bearing liabilities	79,616	17	2,852,697	614

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

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Within one year	9,890	107,383	354,366	3,875,302
After one year but within five years	79,615	-	2,852,661	-
Total	89,505	107,383	3,207,027	3,875,302

The Group's short-term loans from financial institutions for the year ended 31 December 2015 bear fixed interest rates of 5.5% per annum.

The Group's long-term loans from financial institutions bear effective interest rates of 3.75% per annum (2015 : 3.12% per annum).

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

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
At 1 January	3,613	-	130,388	-
Increase	-	7,989	-	288,312
Decrease	(3,613)	(4,374)	(129,456)	(157,852)
Realised losses on exchange rates	-	(2)	-	(68)
Translation adjustments	-	-	(932)	(4)
At 31 December	-	3,613	-	130,388

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

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
At 1 January	103,770	112,660	3,744,914	3,713,612
Repayments during year	(14,375)	(9,000)	(515,066)	(324,797)
Amortisation to profit and loss (front end fee)	110	110	3,884	3,767
Translation adjustments	-	-	(26,705)	352,332
At 31 December	89,505	103,770	3,207,027	3,744,914

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

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Currencies:				
US Dollar	89,505	103,770	3,207,027	3,744,914
Qatari Riyal	-	3,613	-	130,388
Total	89,505	107,383	3,207,027	3,875,302

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 90 million as at 31 December 2016 (2015: US Dollar 104.38 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.

As of 11 November 2016, a subsidiary has made full early repayment for a long-term loan from a financial institution which has a balance of US Dollar 4.1 million (equivalent to Baht 142.3 million). There was no charge from the financial institution for the early repayment.

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 2015) - 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.

Borrowing facilities

The Group has the following unutilised credit facilities as at 31 December:

	Consolidated financial statements			
	2016 (in thousand US Dollar)	2015	2016 (in thousand Baht)	2015
Fixed interest rate Qatari Riyal	-	2,472	-	89,211

Finance lease liabilities

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

	Consolidated financial statements					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand US Dollar)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	14	(3)	11	28	(4)	24
After one year but within five years	1	-	1	20	(3)	17
Total	15	(3)	12	48	(7)	41

Consolidated financial statements

	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	501	(107)	394	1,010	(144)	866
After one year but within five years	36	-	36	723	(109)	614
Total	537	(107)	430	1,733	(253)	1,480

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 88.4 million (equivalent to Baht 3,167.3 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	2016	2015	2016	2015
		(in thousand US Dollar)	(in thousand US Dollar)	(in thousand Baht)	(in thousand Baht)
Accrued project cost		12,783	18,723	458,024	675,687
Provision non-refundable tax		6,694	2,473	239,851	89,247
Accrued salary		3,067	3,885	109,893	140,204
Accrued consulting fee		3,354	6,557	120,176	236,633
Withholding tax payables		2,949	4,601	105,665	166,044
Accrued operating expenses		2,121	2,605	75,997	94,011
Accrued bonus		1,016	2,959	36,404	106,786
Output tax awaiting invoice		1,002	663	35,902	23,927
Payables to related parties	4	4	8	143	289
Deferred mobilisation revenue		-	1,554	-	56,082
Others		2,646	6,741	94,807	243,272
Total		35,636	50,769	1,276,862	1,832,182

Separate financial statements

	Note	2016	2015	2016	2015
		(in thousand US Dollar)	(in thousand US Dollar)	(in thousand Baht)	(in thousand Baht)
Payables to related parties	4	35,366	35,372	1,267,189	1,276,526
Accrued consulting fee		204	273	7,309	9,852
Accrued bonus		121	352	4,336	12,703
Others		641	633	22,966	22,844
Total		36,332	36,630	1,301,800	1,321,925

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:

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Present value of unfunded obligations	3,083	3,468	110,466	123,604
Actuarial gains	(396)	(471)	(14,189)	(15,446)
Statement of financial position obligation	2,687	2,997	96,277	108,158
	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Present value of unfunded obligations	205	197	7,008	6,747
Actuarial gains	(132)	(94)	(4,392)	(3,030)
Statement of financial position obligation	73	103	2,616	3,717

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Defined benefit obligations at 1 January	2,997	2,899	108,158	95,560
Include in profit or loss:				
Current service costs	857	1,009	30,291	34,556
Interest on obligation	83	93	2,926	3,185
Past service credit	(211)	-	(7,468)	-
Curtailment gain	(543)	(541)	(19,224)	(18,528)
	186	561	6,525	19,213
Include in other comprehensive income:				
Actuarial (gains) losses	13	(131)	466	(4,486)
Others:				
Benefits paid	(509)	(332)	(18,030)	(11,370)
Translation adjustments	-	-	(842)	9,241
	(496)	(463)	(18,406)	(6,615)
Defined benefit obligations at 31 December	2,687	2,997	96,277	108,158

	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Defined benefit obligations at 1 January	103	131	3,717	4,318
Include in profit or loss:				
Current service costs	15	23	529	787
Interest on obligation	3	3	106	103
Curtailment gain	(10)	-	(353)	-
	8	26	282	890
Include in other comprehensive income:				
Actuarial gains	(38)	-	(1,362)	-
Others:				
Benefits paid	-	(54)	-	(1,849)
Translation adjustments	-	-	(21)	358
	(38)	(54)	(1,383)	(1,491)
Defined benefit obligations at 31 December	73	103	2,616	3,717

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

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Demographic assumptions	(11)	-	(394)	-
Financial assumptions	(11)	-	(394)	-
Experience adjustment	9	131	322	4,486
Total	(13)	131	(466)	4,486

	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Demographic assumptions	(4)	-	(143)	-
Financial assumptions	(4)	-	(143)	-
Experience adjustment	46	-	1,648	-
Total	38	-	1,362	-

Actuarial assumptions

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

	Consolidated financial statements		%	Separate financial statements	
	2016	2015		2016	2015
Discount rate	3.31 – 8.70	3.80 – 9.10		3.31	3.80
Future salary increases	4.00 – 8.00	4.00 – 8.00		4.00 – 8.00	4.00 – 8.00
Mortality rate	0.02 – 1.00	0.08 – 1.03		0.02 – 1.00	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.

	Consolidated financial statements			
	2016	2015	2016	2015
Defined benefit obligation				
31 December 2016				
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Discount rate (1% movement)				
- Increase	(77)	(9)	(2,759)	(325)
- Decrease	93	12	3,332	433
Future salary increase (1% movement)				
- Increase	88	31	3,153	1,119
- Decrease	(75)	(16)	(2,687)	(577)
Turnover rate (20% movement)				
- Increase	(34)	(8)	(1,218)	(289)
- Decrease	46	11	1,648	397
Mortality improvement rate (1% movement)				
- Increase	1	-	36	-
- Decrease	(2)	-	(72)	-
	Separate financial statements			
	2016	2015	2016	2015
Defined benefit obligation				
31 December 2016				
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Discount rate (1% movement)				
- Increase	(8)	(1)	(287)	(36)
- Decrease	9	2	322	72
Future salary increase (1% movement)				
- Increase	9	3	322	108
- Decrease	(8)	(2)	(287)	(72)
Turnover rate (20% movement)				
- Increase	(12)	(4)	(430)	(144)
- Decrease	17	5	609	180
Mortality improvement rate (1% movement)				
- Increase	-	-	-	-
- Decrease	(1)	-	(36)	-

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

21 Share capital

	Par value per share (in Baht)	2016 (in thousand Baht/thousand shares)	2015
Authorised			
At 1 January			
- ordinary shares	1	1,416,701	1,416,701
At 31 December			
- ordinary shares	1	1,416,701	1,416,701
Issued and paid			
At 1 January			
- ordinary shares	1	1,413,329	1,413,329
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.

	Note	2016 (in thousand Baht)	2015
At 1 January		13,558,613	13,558,613
Compensation for deficit	36	(1,286,935)	-
At 31 December		12,271,678	13,558,613

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

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.

Movements in reserves

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

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

Revenue and results, based on business segments, in the consolidated financial statements for the year ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements for the year ended 31 December 2016			
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>
Revenue from rendering of services	185,249	-	-	185,249
Operating profit (loss)	7,064	(545)	48	6,567
Share of profit of investments in associates and joint venture	889	-	10,638	11,527
Finance costs	(3,560)	-	(134)	(3,694)
Income tax benefit	161	1,977	687	2,825
Profit for the year	4,554	1,432	11,239	17,225
				1
				185,249
				(216)
				6,351
				11,527
				(3,477)
				2,825
				17,226
Consolidated financial statements as at 31 December 2016				
	Consolidated financial statements as at 31 December 2016			
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>
Cash and cash equivalents	39,010	1,524	21,283	61,817
Short-term deposit at financial institution	-	-	27,950	27,950
Trade accounts receivable	65,253	-	-	65,253
Investments in associates and joint venture	1,965	-	84,359	86,324
Property, plant and equipment	194,456	2,018	1,718	198,192
Unallocated assets	300,684	3,542	135,310	439,536
Total assets				472,085
				32,549

	Consolidated financial statements as at 31 December 2016					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
Interest-bearing liabilities	89,517	-	-	89,517	-	89,517
Unallocated liabilities	89,517	-	-	89,517	-	89,517
Total liabilities						44,321
Capital expenditure	4,826	47	38	4,911	-	4,911
Depreciation	20,530	15	357	20,902	-	20,902
Amortisation	110	1	30	141	-	141
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	33	(54)	11	(10)	-	(10)
Net impairment losses on property, plant and equipment	6	-	-	6	-	6

	Consolidated financial statements for the year ended 31 December 2015			
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>
Revenue from rendering of services	336,561	54	-	336,615
Operating loss	(68,854)	(92,108)	(15,377)	(176,339)
Share of profit (loss) of investments in associates and joint venture	661	-	(51,023)	(50,362)
Finance costs	(4,114)	-	-	(4,114)
Income tax (expense) benefit	44	(87)	(486)	(529)
Loss for the year	(72,263)	(92,195)	(66,886)	(231,344)
				1
				(231,343)
				336,586
				(177,042)
				(50,362)
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				(231,343)
				336,586
				(177,042)
				(50,362)

	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	107,424	-	-	107,424	-	107,424
Total liabilities						178,766
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 financial statements for the year ended 31 December 2016						
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Revenue from rendering of services	6,533,377	-	-	6,533,377	-	6,533,377
Operating profit (loss)	244,623	(19,413)	2,412	227,622	(7,778)	219,844
Share of profit of investments in associates and joint venture	31,374	-	376,258	407,632	-	407,632
Finance costs	(125,810)	-	(4,727)	(130,537)	7,813	(122,724)
Income tax benefit	5,786	69,971	24,520	100,277	-	100,277
Profit for the year	155,973	50,558	398,463	604,994	35	605,029
Consolidated financial statements as at 31 December 2016						
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Cash and cash equivalents	1,397,755	54,606	762,585	2,214,946	-	2,214,946
Short-term deposit at financial institution	-	-	1,001,468	1,001,468	-	1,001,468
Trade accounts receivable	2,338,061	-	-	2,338,061	-	2,338,061
Investments in associates and joint venture	70,407	-	3,022,642	3,093,049	-	3,093,049
Property, plant and equipment	6,967,494	72,306	61,557	7,101,357	-	7,101,357
Unallocated assets	10,773,717	126,912	4,848,252	15,748,881	-	15,748,881
Total assets						1,166,252
						16,915,133

	Consolidated financial statements as at 31 December 2016					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Interest-bearing liabilities	3,207,457	-	-	3,207,457	-	3,207,457
Unallocated liabilities	3,207,457	-	-	3,207,457	-	3,207,457
Total liabilities						1,588,051
Capital expenditure	172,919	1,684	1,361	175,964	-	175,964
Depreciation	724,572	529	12,602	737,703	-	737,703
Amortisation	3,886	34	1,059	4,979	-	4,979
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	1,165	(1,911)	388	(358)	-	(358)
Impairment losses on property, plant and equipment	199	-	-	199	-	199

	Consolidated financial statements for the year ended 31 December 2015			
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total
Revenue from rendering of services	11,526,440	1,849	-	11,528,289
Operating loss	(2,484,314)	(3,287,581)	(526,627)	(6,298,522)
Share of profit (loss) of investments in associates and joint venture	22,638	-	(1,747,421)	(1,724,783)
Finance costs	(140,895)	-	-	(140,895)
Income tax (expense) benefit	1,507	(2,980)	(16,644)	(18,117)
Loss for the year	(2,601,064)	(3,290,561)	(2,290,692)	(8,182,317)
				34
				(8,182,283)
				11,527,296
				(6,322,598)
				(1,724,783)
				(116,785)
				(18,117)
				(8,182,283)
				16,646,048
				1,391,215
				18,037,263
				2,071,883
				4,142,430
				2,699,319
				7,732,416
				16,646,048
				1,391,215
				18,037,263
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				1,391,215
				18,037,263
				2,071,883
				4,142,430
				2,699,319
				7,732,416
				16,646,048
				1,391,215
				18,037,263
				2,071,883
				4,142,430
				2,699,319
				7,732,416
				16,646,048
				1,391,215
				18,037,263
				2,071,883
				4,142,430
				2,699,319
				7,732,416
				16,646,048
				1,391,215
				18,037,263
				2,071,883
				4,142,430
				2,699,319
				7,732,416
				16,646,048
				1,391,215
				18,037,263
				2,071,883
				4,142,430
				2,699,319
				7,732,416

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

Geographical information

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

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

	Revenue from rendering of services			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Saudi Arabia	95,167	176,555	3,360,382	6,046,603
Thailand	28,525	56,923	1,004,293	1,949,482
Indonesia	27,961	41,779	988,600	1,430,835
Qatar	18,642	48,501	655,144	1,661,048
Russia	4,749	4,962	166,439	169,937
Korea	3,654	43	127,293	1,473
China	2,370	-	83,386	-
Myanmar	1,755	44	62,113	1,507
Singapore	934	4,247	33,041	145,450
UK	524	2,009	18,537	68,804
Other countries	968	1,523	34,149	52,157
Total	185,249	336,586	6,533,377	11,527,296

	Assets			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Thailand	280,728	258,228	10,058,681	9,319,087
Cayman	84,415	80,527	3,024,649	2,906,107
Saudi Arabia	54,744	84,231	1,961,516	3,039,779
Qatar	26,776	49,846	959,403	1,798,872
Indonesia	20,048	23,263	718,334	839,529
Singapore	4,618	2,887	165,466	104,188
Other countries	756	823	27,084	29,701
Total	472,085	499,805	16,915,133	18,037,263

Major customer

Revenues from the major customer of the Group's Segments Subsea represents approximately US Dollar 98.5 million (2015: US Dollar 131.9 million) of the Group's total revenues.

24 Cost of rendering of services

	Consolidated financial statements			
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Crew, staff and subcontractor costs	60,401	94,205	2,131,337	3,226,305
Vessel expenses and repair and maintenance expenses	49,038	80,282	1,732,126	2,749,474
Depreciation	19,965	31,238	704,637	1,069,830
Recharge expenses related to services provided	9,002	19,307	317,353	661,220
Charter hire and equipment rental	8,227	61,624	289,515	2,110,480
Mobilisation/demobilisation expense	5,518	16,649	194,769	570,190
Amortisation	85	226	3,003	7,740
Total	152,236	303,531	5,372,740	10,395,239

25 Administrative expenses

	Consolidated financial statements			
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Employee benefit expense	14,999	27,488	528,530	941,401
Withholding tax not recoverable	7,888	12,926	278,961	442,686
Depreciation	937	1,102	33,066	37,741
Office and office equipment rental	870	1,052	30,703	36,029
Professional fees	811	1,545	28,639	52,913
Travelling expenses	730	1,503	25,760	51,474
Bad debts	457	188	16,034	6,785
Bank charge	234	694	8,262	23,768
Others	1,632	2,512	57,710	85,685
Total	28,558	49,010	1,007,665	1,678,482

	Separate financial statements			
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Employee benefit expense	2,278	3,760	80,311	128,771
Depreciation	358	439	12,637	15,035
Professional fees	339	687	11,946	23,528
Travelling expenses	89	87	3,143	2,980
Office and office equipment rental	85	89	3,000	3,048
Bad debts	44	5,956	1,550	214,943
Amortisation	30	34	1,059	1,164
Others	567	854	19,999	18,283
Total	3,790	11,906	133,645	407,752

26 Employee benefit expense

	Consolidated financial statements			
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Crew expenses and subcontractor	60,401	94,205	2,131,337	3,226,305
Wages and salaries	12,906	18,255	455,642	625,192
Bonus	(1,783)	2,673	(63,914)	91,544
Staff welfare	2,986	4,458	105,461	152,676
Contribution to defined contribution plans and social security and expenses related to define benefit plans	242	1,301	8,482	44,556
Others	648	801	22,859	27,433
Total	75,400	121,693	2,659,867	4,167,706

	Separate financial statements			
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Wages and salaries	1,823	2,542	64,359	87,058
Bonus	(213)	306	(7,658)	10,479
Staff welfare	362	342	12,806	11,713
Contribution to defined contribution plans and social security and expenses related to define benefit plans	115	164	4,058	5,617
Others	191	406	6,746	13,904
Total	2,278	3,760	80,311	128,771

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rate 7% of their basic salaries and by the Group at rate 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Manager.

27 Finance costs

	Consolidated financial statements			
	2016	2015	2016	2015
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Interest expenses:</i>				
Bank loans	3,363	3,294	118,699	112,813
Total interest expense	3,363	3,294	118,699	112,813
Amortisation of front-end fees	110	110	3,884	3,767
Interest expense from finance lease	4	6	141	205
Total	3,477	3,410	122,724	116,785

28 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements			
		2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Current tax expense					
Adjustment for prior year		(256)	(26)	(9,036)	(890)
Current taxes		190	1,019	6,636	34,898
		(66)	993	(2,400)	34,008
Deferred tax expense					
Deferred taxes	17	(2,759)	(464)	(97,877)	(15,891)
Total		(2,825)	529	(100,277)	18,117

	Note	Separate financial statements			
		2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Current tax expense					
Adjustment for prior year		12	-	424	-
Current taxes		47	754	1,662	25,823
		59	754	2,086	25,823
Deferred tax expense					
Deferred taxes	17	9	(1)	322	(34)
Total		68	753	2,408	25,789

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in thousand US Dollar)</i>					
Defined benefit plan actuarial gains (losses)	(13)	7	(6)	131	(32)	99
Total	(13)	7	(6)	131	(32)	99

	Consolidated financial statements					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	(466)	251	(215)	4,486	(1,095)	3,391
Total	(466)	251	(215)	4,486	(1,095)	3,391

	Separate financial statements					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in thousand US Dollar)</i>					
Defined benefit plan actuarial gains (losses)	38	(6)	32	-	-	-
Total	38	(6)	32	-	-	-

	Separate financial statements					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	1,362	(215)	1,147	-	-	-
Total	1,362	(215)	1,147	-	-	-

Reconciliation of effective tax rate

The tax on the Group's profit before taxes differs from the theoretical amount that would arise using the weighted average effective tax rate to profits of the consolidated entities as follows:

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015	2016 <i>(in thousand Baht)</i>	2015
Profit (loss) before income tax – accounting	14,401	(230,814)	504,752	(8,164,166)
Tax at the domestic rate of 20%	2,880	(46,163)	100,950	(1,632,833)
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	(1,475)	8,669	(52,062)	296,892
Income not subject to tax and additional taxable expenses	(3,887)	(1,292)	(137,197)	(44,248)
Expenses not deductible for tax purposes	(1,105)	(458)	(39,002)	(15,685)
Utilisation of previously unrecognised tax losses	(928)	(1,402)	(32,755)	(48,015)
Tax losses and temporary differences for which no deferred income tax were recognised	1,780	39,636	62,966	1,409,298
Adjustments in respect of prior year	(256)	(26)	(9,036)	(890)
Remeasurement of loss (gain) on exchange rate of US Dollar financial statement	(108)	1,835	(3,812)	62,845
Remeasurement of loss (gain) on exchange rate of Thai Baht financial statement	274	(335)	9,671	(11,473)
Tax charges (benefit) from overseas operations	-	65	-	2,226
Total income tax (benefit) expense	(2,825)	529	(100,277)	18,117
The average effective tax rate	(20%)	0%	(20%)	0%

	Separate financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Profit (loss) before income tax – accounting	3,237	(82,534)	115,265	(2,925,221)
Tax at the domestic rate of 20%	647	(16,507)	23,053	(585,044)
Adjustments:				
Income not subject to tax and additional taxable expense	-	(1,171)	-	(40,103)
Tax losses and temporary differences for which no deferred income tax were recognised	-	13,610	-	485,829
Expenses not deductible for tax purposes	(3)	(2)	(315)	(69)
Adjustments in respect of prior year	12	-	424	-
Remeasurement of loss (gain) on exchange rate of US Dollar financial statement	(675)	4,252	(23,825)	145,621
Remeasurement of loss on exchange rate of Thai Baht financial statement	87	571	3,071	19,555
Total income tax expense	<u>68</u>	<u>753</u>	<u>2,408</u>	<u>25,789</u>
The average effective tax rate	2%	(1%)	2%	(1%)

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

Income tax reduction

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

29 Promotional privileges

As at 31 December 2016, 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 2016 and 2015 were based on the profit (loss) for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar/ thousand shares)</i>	2015 <i>(in thousand US Dollar/ thousand shares)</i>	2016 <i>(in thousand Baht/ thousand shares)</i>	2015 <i>(in thousand Baht/ thousand shares)</i>
Profit (loss) attributable to ordinary shareholders of the Company (basic)	17,107	(229,112)	600,842	(8,102,998)
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings (losses) per share (basic)	<i>(in US dollar)</i> 0.012	<i>(in US dollar)</i> (0.162)	<i>(in Baht)</i> 0.425	<i>(in Baht)</i> (5.733)
	Separate financial statements			
	2016 <i>(in thousand US Dollar/ thousand shares)</i>	2015 <i>(in thousand US Dollar/ thousand shares)</i>	2016 <i>(in thousand Baht/ thousand shares)</i>	2015 <i>(in thousand Baht/ thousand shares)</i>
Profit (loss) attributable to ordinary shareholders of the Company (basic)	3,169	(83,287)	112,857	(2,951,010)
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings (losses) per share (basic)	<i>(in US dollar)</i> 0.002	<i>(in US dollar)</i> (0.059)	<i>(in Baht)</i> 0.080	<i>(in Baht)</i> (2.088)

Diluted losses per share

The calculations of diluted losses per share for the year ended 31 December 2015 were based on the loss for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements	
	2015 <i>(in thousand US Dollar/ thousand shares)</i>	2015 <i>(in thousand Baht/ thousand shares)</i>
Loss attributable to ordinary shareholders of the Company (basic)	(229,112)	(8,102,998)
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329
Effect from employee share option plan	23	23
Number of ordinary shares outstanding (diluted)	1,413,352	1,413,352
	<i>(in US dollar)</i>	<i>(in Baht)</i>
Losses per share (diluted)	(0.162)	(5.733)

	Separate financial statements	
	2015 <i>(in thousand US Dollar/ thousand shares)</i>	2015 <i>(in thousand Baht/ thousand shares)</i>
Loss attributable to ordinary shareholders of the Company (basic)	(83,287)	(2,951,010)
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329
Effect from employee share option plan	23	23
Number of ordinary shares outstanding (diluted)	1,413,352	1,413,352
	<i>(in US dollar)</i>	<i>(in Baht)</i>
Losses per share (diluted)	(0.059)	(2.088)

There was no potential dilution in earning per share from the employee share option plan for the year ended 31 December 2016 because all the employee share option expired on 15 December 2016.

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.

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, 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	
	2016	2015	2016	2015
<i>Thai Baht</i>				
		(in thousand US Dollar)		
Cash and cash equivalents	11,082	15,657	635	1,898
Trade accounts receivable	4	160	-	-
Receivables from related parties	-	-	105,127	113,248
Short-term loans to related parties	-	-	50,627	118,458
Trade accounts payable	(446)	(428)	-	-
Other payables	(2,475)	(2,927)	(970)	(1,270)
Gross balance sheet exposure	8,165	12,462	155,419	232,334
<i>Singapore Dollar</i>				
Cash and cash equivalents	63	87	-	-
Trade accounts receivable	-	6	-	-
Trade accounts payable	(224)	(505)	-	-
Other payables	(71)	(252)	-	-
Gross balance sheet exposure	(232)	(664)	-	-
<i>Qatari Dollar</i>				
Cash and cash equivalents	105	751	-	-
Trade accounts receivable	73	51	-	-
Short-term loans	-	(3,613)	-	-
Trade accounts payable	(4)	(102)	-	-
Other payables	(253)	(1,683)	-	-
Gross balance sheet exposure	(79)	(4,596)	-	-
<i>Indonesian Rupiah</i>				
Cash and cash equivalents	135	133	-	-
Trade accounts receivable	1,749	54	-	-
Trade accounts payable	(260)	(1,224)	-	-
Other payables	(7,081)	(7,467)	-	-
Finance lease liabilities	(12)	(37)	-	-
Gross balance sheet exposure	(5,469)	(8,541)	-	-

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

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

Carrying amount and fair values

As at 31 December 2016 and 2015, 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 2016 and 2015, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements					
	2016			2015		
	thousand Baht	thousand USD	thousand QAR	thousand Baht	thousand USD	thousand QAR
Letters of guarantee issued by financial institutions in the normal course of business	15,600	16,884	-	15,600	27,927	-
Guarantee for short-term borrowing of subsidiaries to financial institutions	-	-	-	-	-	13,100
Guarantee for long-term loans of subsidiaries to financial institutions	-	90,000	-	-	104,375	-
	Separate financial statements					
	2016		2015			
	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	-	90,000	-	104,375		

34 Commitments with non-related parties

(a) *Capital commitments*

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
Purchasing of diving equipment	481	2,042	17,235	73,693
Purchasing of tender rigs	-	254,000	-	9,166,504
Purchasing of DSV	-	117,600	-	4,244,019
Total	481	373,642	17,235	13,484,216

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

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

	Consolidated financial statements			
	2016 <i>(in thousand US Dollar)</i>	2015 <i>(in thousand US Dollar)</i>	2016 <i>(in thousand Baht)</i>	2015 <i>(in thousand Baht)</i>
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	12,026	8,679	430,900	313,210
After one year but within five years	1,575	1,610	56,433	58,116
After five years	1,110	1,480	39,772	53,410
Total	14,711	11,769	527,105	424,736

In June 2016, a subsidiary entered into the agreement with a local third party company for a vessel time charter for the period of one year with the option for a one-year extension period. The vessel delivery date was 16 August 2016.

In December 2016, a subsidiary entered into the agreement with a local third party company for a vessel time charter for the period of one year with the option for a one-year extension period. The vessel delivery date was 11 December 2016.

(c) *Other commitments*

As at 31 December 2016, the Group had commitments on procurement commission of a new drilling unit of US Dollar 2.0 million (2015: US Dollar 2.0 million).

35 Share-based payments

The Company had an equity-settled share option scheme in operation during the financial year:

- i) 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 January 2015	0.31	631	0.31	631
Forfeited	0.28	(124)	0.28	(124)
Expired	0.40	(270)	0.40	(270)
At 31 December 2015	0.21	237	0.21	237
Expired	0.21	(237)	0.21	(237)
At 31 December 2016		-		-

36 The compensation of accumulated loss

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

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

37 Events after the reporting period

Decrease in share capital of a subsidiary

At the Extraordinary General Meeting of Mermaid Subsea Services (Thailand) Ltd. (“MSST”) held on 27 February 2017, the shareholders of MSST approved to decrease the share capital of MSST by Baht 3,250 million (equivalent to US Dollar 92.4 million) through the reduction of 325,000,000 ordinary shares with a par value of Baht 10 each.

Deregistration of subsidiaries

MTR-2 (Singapore) Pte. Ltd. and Mermaid MTN Pte. Ltd. were deregistered on 10 January 2017, and Seascope Surveys (Thailand) Ltd. was liquidated on 21 February 2017.

38 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 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives

TFRS	Topic
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

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
Public Company Since	15 January 2007
Date of Listing	16 October 2007
Place of Listing	Singapore Stock Exchange
Company Secretary	Mr. Wuthichai Chongcharoenrungsot
Corporate Head Office (Location of Register of Securities)	26/28-29, Orakarn Building, 9 th 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:	http://www.mermaid-maritime.com
Investor Relations E-mail:	ir@mermaid-maritime.com

(as at 21 March 2017)





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