



MERMAID

2018

ANNUAL REPORT

Mermaid Maritime PLC
A Company Moving Forward

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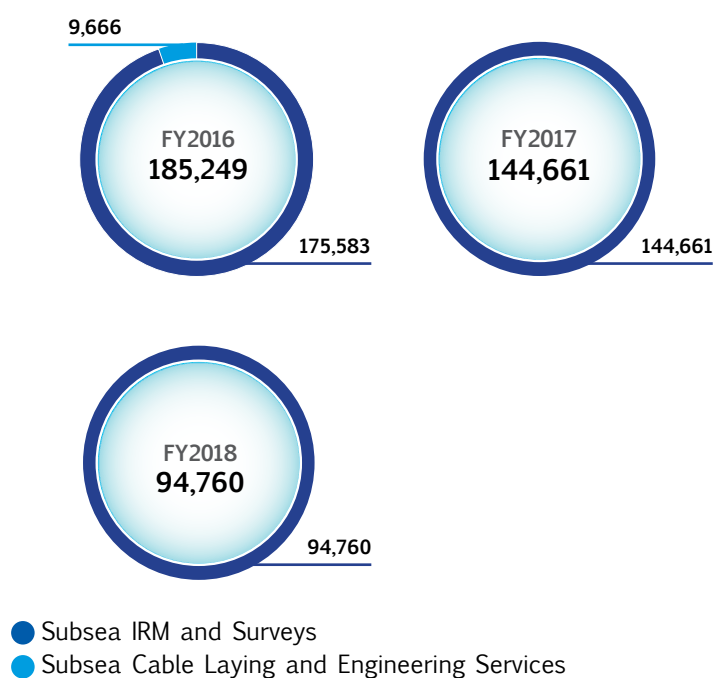
FINANCIAL HIGHLIGHTS

(Consolidated numbers)

	Year Ended 31 December		
	2016	2017	2018
(in thousand US Dollars, except share, per share data, and ratios)			
Service income	185,249	144,661	94,760
EBITDA	27,394	22,666	(12,289)
Net profits (losses)	17,226	4,204	(27,298)
Book value per share	0.24	0.24	0.22
Return on shareholders' equity (%)	5.23	1.24	(8.31)
Net profits (losses) margin (%)	9.30	2.91	(28.81)
Total debt to total capitalization (Times)	0.21	0.19	0.18
Net gearing (%)	n/a	n/a	n/a

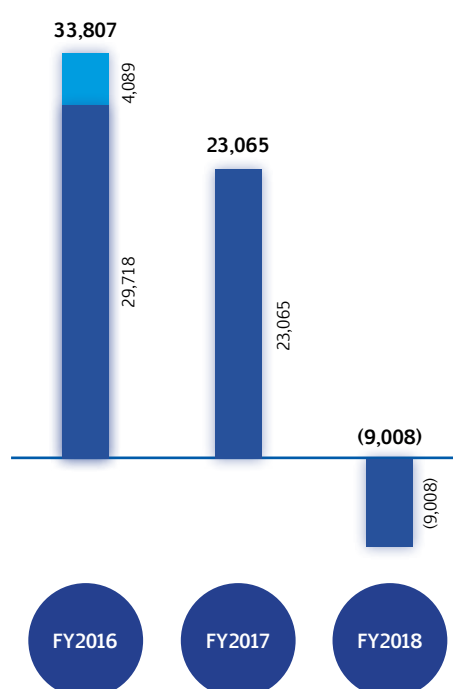
SERVICE INCOME

Unit : in thousand US Dollars



GROSS PROFIT

Unit : in thousand US Dollars



MESSAGE FROM THE CHAIRMAN



DEAR VALUED SHAREHOLDERS,

It is my great pleasure to present to you our 2018 Annual Report. No year is without challenges and 2018 certainly had its share. Nevertheless, 2018 has once again proven Mermaid's status of being a leading international specialist for marine and subsea engineering services.

PRASERT BUNSUMPUN
CHAIRMAN OF THE BOARD

STANDING STRONG

2018 has been a year of mixed fortunes for oil and gas. Brent Crude price increased by more than 20 percent and hit a four-year high of USD 86 per barrel in October 2018. The oil price for the rest of the year however was dragged down to as low as USD 50-55 per barrel. Despite the improvement of average oil price from 2017, the subsea vessels market continued to remain highly over-supplied, with intense pricing competition and depressed vessel charter rates.

In 2018, four of Mermaid vessels had undertaken mandatory dry-docking operations to ensure our fleet's operational readiness in 2019 and beyond. Mermaid was also faced with several unforeseen challenges that impacted our financial results for the year. Firstly, despite our unparalleled service standard and quality, one of our key clients took the decision to reduce a significant part of our scheduled work scope which adversely impacted our forecasted budget. Secondly, the key customer downgrading of our 3rd party-chartered vessel which rendered the vessel unmarketable added to our forecasted budget being impacted. Finally, due to regional geo-politics some of our project commencement dates were delayed, resulting in a significant number of unexpected vessel's idle days. All these factors combined with the persistent oversupply and continued depressed vessel rates affected our bottom line. Nevertheless, thanks to the Board and our senior management, the issues had been readily addressed and the overall impact was minimized.

The revenue earned in 2018 was USD 94.8 million, and with the result of adverse factors, Mermaid unfortunately ended the year in a net loss position of USD 27.3 million. It, however, must be noted that Mermaid's focus for the year has been on further streamlining our business and readying ourselves for the coming years. We are now in a much better position than we were in the beginning of 2018, and ready to take on 2019.

Also noteworthy is that in 2018 Mermaid generated USD 9.9 million in positive cash flow from operations, and our ending cash balance was USD 69.1 million against debts of USD 67.8 million, hence net cash positive. Our backlog, excluding earnings from our associate Asia Offshore Drilling Limited ("AOD"), stood at USD 94.8 million as at 31 December 2018. Our regional commercial teams are also aggressively tendering for new projects to add to our forward book.

For 2019, we will continue to focus on our core business of IRM, concurrently we intend to move the Company toward the deep-water market and diver-less technology. With this new vision, we will be equipping ourselves with larger offshore construction support vessels and more capable ROVs. Further to that, we have been ramping up our internal subsea engineering capability with the aim to develop more innovative solutions for our customers.



IMPLEMENTING STRATEGIC NECESSITIES

Driven by Mermaid's senior management team, a two-pronged strategy continues to be implemented which considers both a short-term approach in "Strengthening Our Core Business Fundamentals" and the longer-term vision of "Positioning for Growth" that will ensure our ability to continue to build sustained shareholder value.

Strengthening Our Core Business Fundamentals : Whilst we continue to focus on our core business of IRM, we have prioritized our revenue protection initiatives and streamlined our internal processes. Key achievements in 2018 included rationalization of uncompetitive assets across our segments; consolidation of talent pool and further intensifying our efforts to improve our internal costs efficiency and productivity.

Positioning for Growth : In continuance to our "Positioning for Growth" strategy, we are organically progressing towards the deep-water market and diverless technology segment. This entails the Company equipping itself with larger DP3 offshore construction support vessels (OCSV), Workclass ROVs, supported by our newly formed subsea engineering installation service capability in the SURF, cable installation, decommissioning, and FPSO tow and hook-up segments.

THE SIGN OF IMPROVEMENT

Despite the increase of oil prices in the first half of 2018, the subsea marine segment was still highly over-supplied seeing little to no improvement when it came to vessel charter rates.

The market however saw an uptick in the number of new projects being awarded globally from 62 projects in 2017 to over 100 projects in 2019. It is expected that despite the falling prices during the fourth quarter of 2018, operators still plan to spend more in 2019 and move forward with project sanctioning.

The offshore drilling market improved slightly in 2018. The contracted rig count indicated little improvement in the year, and rig day rates have seen little to no improvement in 2018, except for some isolated rig markets with high demand.

In contrast, Mermaid's associate AOD's three high specification jack-up drilling rigs namely 'AOD I', 'AOD II', and 'AOD III', have performed strongly in the Middle East with near-full utilization during 2018. Further to that, 'AOD I' has secured a contract extension for another three years with the same customer commencing from July 2019 through to June 2022.

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.



MAINTAINING OUR COMPETITIVE EDGE

Project delivery, excellent customer service and most importantly our people remain our key differentiating factors. There are many reasons why our customers choose us. We have exceptional people, health, safety and environment track record which we are very proud of. We also offer first tier service quality coupled with a competitive price mix. We have the capability and resources to handle any size of project anywhere in the world which is supported by a large talent pool of in-house experienced and dedicated personnel, strategic local partnerships in our various regions, local talent development programs and local content compliance initiatives. This is further endorsed by Mermaid being fully compliant with all relevant international standards on our vessels, rigs, and equipment.

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

2019 PRIORITIES

Even though there are signs of a turnaround in our market segments we are taking a conservative, patient approach. This is reinforced by a strong management regime responsible for delivering commercially, operationally, and most importantly financially to all our stakeholders.

Although Mermaid maintains a cautionary perspective on the oil and gas outlook over the next 12 months, we believe that it is well-placed in its strategic positioning, reputation, track record, and fiscal discipline. We intend to strive forward to maintain our competitive position.

Our priorities for 2019 will be to continue focusing on our core businesses and concurrently moving forward into subsea engineering installation and deep-water diver-less technology. We will also continue to pursue potential mergers and acquisitions for immediate opportunistic growth.

WORD OF THANKS

2018 has been another highly challenging year, the hard work and dedication from all our people has been key to strengthening our foundation and stability. Perseverance and teamwork have played the key roles in readying our Company to rise for the coming years. To our Board, I would like to thank you for your invaluable contribution, leadership, and advice. To our business partners and customers, we thank you for your faith and trust in us. Together, we have clearly demonstrated how the win-win relationship allows us to operate successfully in this ever-changing business environment.

I would like to conclude by expressing my sincere gratitude to our shareholders for your continued support and the confidence you have placed in us. As we enter 2019, Mermaid will remain focused on being the “Contractor of Choice” in the offshore oil and gas service industry. The Board and management will remain committed to complying with corporate governance best practices across our businesses and delivery of bottom line results to shareholders. Mermaid is “*A Company Moving Forward*” and with your continued support, we can and will deliver!

Yours Sincerely,



Mr. Prasert Bunsumpun
Chairman of the Board


MERMAID PROFILE

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

We provide full turnkey services to oil and gas majors operating offshore through our diversified portfolio of subsea vessels, specialized diving equipment, remotely operated vehicles and drilling 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 become the leading integrated subsea service provider by delivering technically-unique solutions and creating high value for our customers and shareholders.



HONORARY ADVISER STATEMENT



“We shall remain persistent and use our intelligence and skills to analyze different situations and act with a sense of responsibility”

PRAYUDH MAHAGITSIRI
HONORARY ADVISER

THE BOARD OF DIRECTORS



Mr. Prasert Bunsumpun
Non-Executive Chairman
(Age 66)



Mr. Chalermchai Mahagitsiri
Executive Vice Chairman
(Age 40)



Mr. Jitender Pal Verma
Non-Executive Director
(Age 55)

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 consists of not fewer than five (5) Directors as per the Articles of Association.

Mr. Prasert Bunsumpun brings to Mermaid 30 years of experience in the oil and gas industry. Besides his role in Mermaid, he serves as Chairman of other boards, including Thoresen Thai Agencies Plc., PTT Global Chemical Plc., and Chairman of SVI Plc., and as a director on the board of Intouch Holdings Plc. and Thaicom Plc. He also previously served as Chairman of PTT Exploration and Production Plc., PTT Chemical Plc., IRPC Plc. and Thai Lube Base Plc., and as Executive Chairman of Krungthai Bank Plc. He was President and CEO of PTT Plc. for over eight years. In addition, he served as a director of PTT Plc., IRPC Plc., PTT Chemical Plc., PTT Exploration and Production Plc., PTT Aromatic and Refinery Plc., Thai Oil Plc., and Bangchak Petroleum Plc. Mr. Bunsumpun holds a Master in Business Administration (M.B.A.) from Utah State University, U.S.A., a Bachelor of Engineering in Civil Engineering (B.Eng.) from Chulalongkorn University in Thailand, and has a number of Honorary Doctorates from renowned universities in Thailand. He also completed his Certificate in Advanced Management Program (AMP 155) from Harvard Business School, U.S.A. He also completed the Role of the Chairman Program No. 28/2012, Director Accreditation Program No. 26/2004 from the Thai Institute of Directors Association (IOD), and Certificate in Capital Market Academy Leadership Program Class 3/2006 from Capital Market Academy.

Mr. Chalermchai Mahagitsiri brings a proven track record of successfully managing and growing a variety of businesses through his service as Chief Executive Officer of PM Group Co. Ltd., Director of Quality Coffee Products Co. Ltd., Director of Posco-Thainox Public Co. Ltd., Vice Chairman of Thai Film Industries Public Co. Ltd., and Managing Director of Lakewood Country Club Co. Ltd. He also serves as Executive Vice Chairman and President and CEO of Thoresen Thai Agencies Plc., Chairman of PM Thoresen Asia Holdings Plc. and Executive Vice Chairman of Unique Mining Services Plc. Mr. Chalermchai holds a Master of Science (M.Sc.) in Finance from Boston University and a Bachelor of Science (B.Sc.) in Finance from Suffolk University, both in the U.S.A. He also completed the Director Certification Program No. 53/2005, and the Director Accreditation Program No. 30/2004 from the Thai Institute of Directors Association (IOD), as well as the Capital Market Academy Leadership Program Class 17/2013 from Capital Market Academy (CMA), Academy of Business Creativity (ABC) Class 4/2016 and Digital Edge Fusion (DEF) Class 1/2017 from Sripatum University.

Mr. Jitender Pal Verma has been on the Mermaid Board since 2016. He also serves as a Director on the Board of Thoresen Thai Agencies Plc. and PM Thoresen Asia Plc., which are listed entities on Stock Exchange of Thailand (SET). He is also a Senior EVP and Group CFO 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 shipping, marine, 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

**Dr. Jean Paul Thevenin**

Non-Executive Director
(Age 78)

Mr. Tang Kee Fei

Independent Director
(Age 63)

Mr. Tay Yu-Jin

Independent Director
(Age 43)

Dr. Jan Skorupa

Independent Director
(Age 71)

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

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

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

Mr. Tay Yu-Jin is a partner of Mayer Brown LLP, a leading global law firm. He is based in Singapore and has 20 years of experience covering disputes in Asia, specializing in international arbitrations arising from a broad range of sectors and specialisms including 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 presiding, sole and co-arbitrator in ICC, SIAC, LCIA, VIAC, HKIAC and ad hoc arbitrations. He is Vice President and Fellow 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 within the Asia-Pacific region. He holds a Bachelor of Laws (LL.B.) and Master of Laws (LL.M.) from University College London.

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

KEY EXECUTIVES



Dr. Vincent Siaw
Executive Vice President and
Chief Operating Officer



Mr. Mark Midgley
Chief Operating Officer –
Worldwide Subsea Business



Mr. Phiboon Buakhunngamcharoen
Chief Financial Officer

Dr. Vincent Siaw joined Mermaid in 2005 and during his last 13 years at Mermaid, he has performed various key roles including Head of Legal, Corporate Strategy, Investor Relations, Enterprise Risk Management and Company Secretary. Prior to joining Mermaid, he was Legal Counsel for the Thailand operations of General Motors, Legal Manager at corporate and business restructuring specialists Ferrier Hodgson, and a Corporate and Government Lawyer with Deacons Graham & James in Australia. He graduated with a Bachelor of Commerce (Accounting) and LL.B. (Hons.) from the Australian National University, M.B.A. in Oil and Gas Management from Curtin University's joint program with Aberdeen Business School and D.B.A. in Corporate Law and Governance from the University of South Australia. He is admitted as a Barrister-at-Law and Solicitor in Australia and a Solicitor in England and Wales.

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

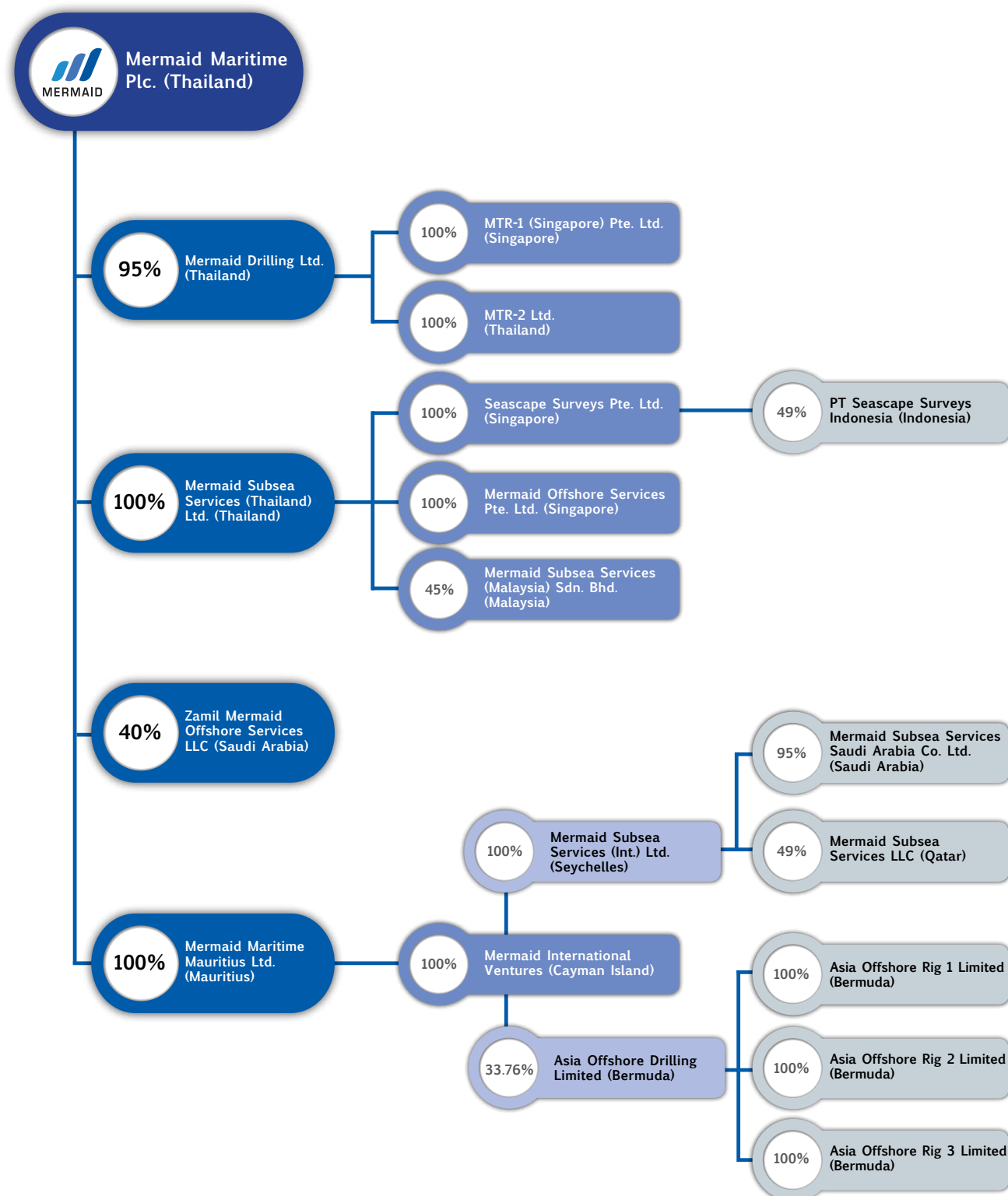
Mr. Phiboon Buakhunngamcharoen joined Mermaid in 2005. During his 13 years of experience with Mermaid, he started working as the Financial Controller in June 2005 where he was responsible for and oversaw the finance and accounting function of Mermaid's Drilling Business Division. In October 2013, he 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 assess 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 Master 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 Mahagitsiri (Chief Executive Officer). His profile can be found in the section on Board of Directors.

CORPORATE STRUCTURE

As at 28 February 2019



GLOBAL PRESENCE



Thailand



Singapore



Indonesia



United Arab
Emirates



Saudi Arabia



Qatar



* 33.76% Ownership through Asia Offshore Drilling Limited

MERMAID FLEET PROFILE

SUBSEA SERVICES

MERMAID ENDURER (Built in 2010)

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



Mermaid Endurer



Mermaid Asiana

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 Commander

SUBSEA SERVICES

MERMAID SAPPHIRE (Built in 2009)

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



Mermaid Sapphire



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 (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.



Mermaid Siam

SUBSEA SERVICES

BARAKUDA (Built in 1982)

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



Barakuda

DRILLING SERVICES



AOD I & AOD II & AOD III

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. 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.

MERMAID GROUP COMPANIES

AS AT 31 DECEMBER 2018

No.	Company	Type of Business	Place of Incorporation	Date of Incorporation	Company Registration No.	Type of Share	Paid-up Capital	Shares Issued	% of Mermaid Shareholding
1.	Mermaid Maritime Public Company Limited	Holding	Thailand	15 January 2007*	0107550000017	Ordinary	THB 1,413,328,857	1,413,328,857	-
2.	Mermaid Subsea Services (Thailand) Ltd.	Subsea	Thailand	24 June 2003	0105546072562	Ordinary	THB 2,130,000,000	213,000,000	100% (direct)
3.	Seascope Surveys Pte. Ltd.	Subsea	Singapore	24 November 2004	200415192D	Ordinary	SGD 100	100	100% (indirect)
4.	PT Seascope Surveys Indonesia	Subsea	Indonesia	19 January 2005	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.	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 (Malaysia) Sdn. Bhd.	Drilling	Malaysia	5 August 2005	705457A	Ordinary	MYR 500,000	500,000	95% (indirect)
12.	MTR-1 Ltd.	Drilling	Thailand	15 March 2005	0105548036890	Ordinary	THB 240,000,000	24,000,000	95% (indirect)
13.	MTR-2 Ltd.	Drilling	Thailand	15 March 2005	0105548036881	Ordinary	THB 350,000,000	35,000,000	95% (indirect)
14.	MTR-1 (Singapore) Pte. Ltd.	Drilling	Singapore	27 September 2007	200717860H	Ordinary	USD 40,000	40,000	95% (indirect)
15.	Asia Offshore Drilling Limited	Holding	Bermuda	29 October 2010	44712	Ordinary	USD 60,000,100	60,000,100	33.76% (indirect)
16.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
17.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
18.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
19.	Mermaid Maritime Mauritius Ltd.	Holding	Mauritius	25 March 2014	121881	Ordinary	USD 1	1	100% (direct)
20.	Mermaid International Ventures	Holding	Cayman Islands	26 August 2014	291210	Ordinary	USD 100	100	100% (indirect)
21.	Mermaid Subsea Services (Malaysia) Sdn. Bhd.	Subsea	Malaysia	16 January 2018	1264208-U	Ordinary	MYR 350,000	350,000	45% (indirect)
22.	PTGC Co., Ltd.	Investment	Cambodia	26 September 2017	00028200	Ordinary	KHR 78,600,000,000	1,965,000	49% (direct)

*as a public listed Company

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 2018, Mermaid is generally in compliance with the principles and guidelines set out in the Singapore Code of Corporate Governance 2018 (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 2018, 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	6/6	-	-	-	6/7	-
Mr. Chalermchai Mahagitsiri	4/6	-	-	-	6/7	3/3
Dr. Jean Paul Thevenin	6/6	4/4	1/1	1/1	7/7	3/3
Mr. Jitender Pal Verma	6/6	-	-	1/1	7/7	-
Dr. Jan Jozef Skorupa	5/6	4/4	1/1	1/1	-	-

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

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 the course fees.

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

Meetings via Electronic Media

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

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

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

To provide the equal participation opportunity for all shareholders, 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.

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

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

Sustainability Reporting

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

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

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

As at 31 December 2018, 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 2018, the Audit Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and two (2) Independent Directors, namely Mr. Tang Kee Fei, and Dr. Jan Jozef Skorupa. The Chairman of the Audit Committee was Mr. Tang Kee Fei. The majority of the Audit Committee members, including the Chairman, are Independent Directors.

The Audit Committee is responsible, among other things to:

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

- (e) review the qualification, independence and performance of the external auditors and non-audit services rendered by the external auditors; and
- (f) review Interested Persons Transactions (“IPT”) and Related Party Transactions (“RPT”).

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

Remuneration Committee

As at 31 December 2018, the Remuneration Committee comprises one (1) Non-Executive Director, namely Dr. Jean Paul Thevenin, and two (2) Independent Directors, namely Mr. Tay Yu-Jin, and Dr. Jan Jozef Skorupa.

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

The Remuneration Committee is responsible, among other things to:

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

Nomination Committee

As at 31 December 2018, the Nomination Committee comprises two (2) Non-Executive Directors, namely, Dr. Jean Paul Thevenin and Mr. Jitender Pal Verma, and three (3) Independent Directors, namely, Mr. Tang Kee Fei, Mr. Tay Yu-Jin, and Dr. Jan Jozef Skorupa. The Chairman of the Nomination Committee was Dr. Jan Jozef Skorupa.

The Nomination Committee is responsible, among other things to:

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

Executive Committee

As at 31 December 2018, the Executive Committee members were Mr. Prasert Bumsumpun, Mr. Chalermchai Mahagitsiri, Mr. Jitender Pal Verma and Dr. Jean Paul Thevenin. The Chairman of the Executive Committee was Mr. Prasert Bunsumpun.

The Executive Committee is responsible, among other things to:

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

Risk Management Committee

As at 31 December 2018, the Risk Management Committee members were Dr. Jean Paul Thevenin, Mr. Chalermchai Mahagitsiri, Mr. Phiboon Buakhunngamcharoen, and Mr. Tang Kee Fei. The Chairman of the Risk 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 will as soon as practically possible propose to the Shareholders a revised composition of the Board such that Independent Directors should make up at least half (1/2) of the Board.

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

BOARD MEMBERSHIP

PRINCIPLE 4

The Nomination Committee reviews and assesses candidates for directorships before making recommendations to the Board. It also reviews the retirement and re-election of Directors at each AGM under Mermaid's Articles of Association and makes recommendations to the Board.

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

The Nomination Committee has conducted an annual review of Directors' independence based on the Code's criteria for independence and is of the view that Mr. Tang Kee Fei, Mr. Tay Yu-Jin and Dr. Jan Jozef Skorupa are independent. The Nomination Committee has conducted a formal assessment of the Board's performance as a whole for the financial year ended 31 December 2018.

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 2018 was appointed since 28 February 2017. The appointment and removal of the Company Secretary should be a matter for the Board as a whole.

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

PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 7

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

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

For the financial year ended 31 December 2018, 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 2018 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. Tang Kee Fei	•	-	-	-	-
Mr. Tay Yu-Jin	•	-	-	-	-
Dr. Jan Jozef Skorupa	•	-	-	-	-

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

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

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	-	89%	11%	-	-
Mr. Jitender Pal Verma	-	-	-	-	-
Dr. Jean-Paul Thevenin	100%	-	-	-	-
Mr. Tang Kee Fei	78%	-	-	22%	-
Mr. Tay Yu-Jin	100%	-	-	-	-
Dr. Jan Jozef Skorupa	100%	-	-	-	-

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

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

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 2018, not all Key Executives listed above served for the full financial period. Mr. Darren Morgan ceased to be Executive Vice President, Mermaid Subsea Services on 6 February 2018 and Mr. Graham McKnockiter ceased to be Subsea Group Regional Director, Western Hemisphere on 1 May 2018.

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	91%	9%	-	-
Mr. Mark Midgley	86%	-	14%	-
Mr. Phiboon Buakhunngamcharoen	80%	7%	13%	-
Mr. Darren Morgan	78%	-	22%	-
Mr. Graham McKnockiter	96%	4%	-	-

The aggregate remuneration paid to the above key management personnel (who are not Directors) for financial year ended 31 December 2018 was SGD 1,934,070.56

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 2018.

AUDIT COMMITTEE

PRINCIPLE 12

As at 31 December 2018, the Audit Committee held four (4) meetings. The management of Mermaid, including the CEO, CFO, Financial Director, Senior Finance and Accounting Manager, General Counsel, and concerned Managers also participated in those meetings when invited. Mermaid's external auditors from KPMG Phoomchai Audit Limited also participated in the meetings to review Mermaid's financial statements and reports with the Audit Committee and management during the financial year. Mermaid's Internal Audit Director and Manager attended the meetings to review the internal audit activities and results with the Audit Committee during the financial year. The meeting agenda and minutes were prepared.

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

Apart from the above functions, the Audit Committee shall commission and review the findings of internal investigations and/or review and discuss with the external auditors any matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on operating results and/or financial position. The Audit Committee will

also ensure that the appropriate follow-up actions are taken. In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee he will abstain from reviewing that particular transaction or voting on that particular resolution.

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

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

INTERNAL AUDIT

PRINCIPLE 13

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

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

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

To ensure the adequacy and effectiveness of the internal audit function, the Audit Committee reviews the Internal Auditor's scope of work at least annually. Based on the reviews, the Audit Committee is of the view that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS

PRINCIPLE 14

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15

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

Dividend

On 27 February 2018, the Board of Directors proposed that no dividends shall be declared to the shareholders for the financial year ended 31 December 2017. Upon the approval from AGM No. 01/2018 dated 24 April 2018, the shareholders present had unanimously approved that no dividends be declared to the shareholders for the financial year ended 31 December 2017.

CONDUCT OF SHAREHOLDER MEETINGS

PRINCIPLE 16

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

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

The Company prepares minutes of all general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request. They are also presented at the subsequent general meeting of shareholders for adoption.

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

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

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

GENERAL DISCLOSURES

1. SHAREHOLDER BASE AND VOTING RIGHTS

As at 31 December 2018, the statistics of shareholdings of Mermaid Maritime Public Company Limited (“Mermaid” or “Company”) are as follows:

Number of Authorized 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	4,731
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 December 2018, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders	%	Number of Shares	%
1-99	196	4.14	2,424	0.00
100 - 1,000	195	4.12	162,360	0.01
1,001 - 10,000	1,622	34.29	10,733,402	0.76
10,001 - 1,000,000	2,685	56.75	187,472,369	13.27
1,000,001 and above	33	0.70	1,214,958,252	85.96
Total	4,731	100.00	1,413,328,857	100.00

3. DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, 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")	86,747,393 (6.14%)	-	86,747,393 (6.14%)
Mr. Chalermchai Mahagitsiri (see Note 2)	150,461,660 (10.65%)	822,908,013 (58.22%)	973,369,673 (68.87%)
Mr. Prayudh Mahagitsiri (see Note 3)	52,020,682 (3.68%)	63,588,647 (4.50%)	118,670,229 (8.20%)
Ms. Ausana Mahagitsiri (see Note 3)	63,588,647 (4.50%)	-	63,588,647 (4.50%)

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

Note 2 : Mr. Chalermchai Mahagitsiri was the registered holder of 251,348,382 ordinary shares (13.79%) in TTA and 150,000,000 ordinary shares (8.24%) were also registered under his custodian account in TTA. His associates are Ms. Ausana Mahagitsiri who is a registered holder of 70,795,737 ordinary shares (3.88%) in TTA, Ms. Suwimol Mahagitsiri who is the registered holder of 27,845,223 ordinary shares (1.54%) in TTA and Mr. Prayudh Mahagitsiri who is the registered holder of 6,475,758 ordinary shares (0.36%) in TTA. The combined interest of Mr. Chalermchai Mahagitsiri and his three above mentioned associates in TTA is therefore 506,465,100 ordinary shares (27.80%).

Accordingly, Mr. Chalermchai Mahagitsiri has a deemed interest in the 700,000,000 shares, 86,747,393 shares and 20,398,420 shares held in aggregate by TTA, Soleado and Athene in the Company, respectively.

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

4. TOP 20 LARGEST SHAREHOLDERS

As at 31 December 2018, the twenty (20) largest holders of ordinary shares and the number of shares held by such shareholders in Mermaid on record with the share registry as registered with the Thai Ministry of Commerce together with depositors whose security accounts with Central Depository (Pte.) Ltd. hold shares of Mermaid were as follows:

No.	Name	Shares	%	Culm. %
1	THORESEN THAI AGENCIES PLC	700,000,000	49.53	49.53
2	RAFFLES NOMINEES(PTE) LIMITED	144,739,664	10.24	59.77
3	SOLEADO HOLDINGS PTE LTD	86,747,393	6.14	65.91
4	DBS NOMINEES PTE LTD	75,998,366	5.38	71.29
5	MORGAN STANLEY ASIA (S) SEC PTE LTD	63,836,297	4.52	75.81
6	CITIBANK NOMS SPORE PTE LTD	22,767,900	1.61	77.42
7	ATHENE HOLDINGS LTD	20,398,420	1.44	78.86
8	DBS VICKERS SECURITIES (S) PTE LTD	17,282,946	1.22	80.08
9	MAYBANK KIM ENG SECURITIES PTE.LTD.	9,572,940	0.68	80.76
10	BNP PARIBAS NOMS SPORE PL	9,566,200	0.68	81.44
11	OCBC SECURITIES PRIVATE LTD	8,215,158	0.58	82.02
12	UOB KAY HIAN PTE LTD	6,098,000	0.43	82.45
13	PHILLIP SECURITIES PTE LTD	5,502,502	0.39	82.84
14	AW GUAN HONG	5,000,000	0.35	83.19
15	LIM AND TAN SECURITIES PTE LTD	4,740,300	0.34	83.53
16	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,684,329	0.26	83.79
17	TAY YEOW CHENG @ YAP YEOW CHENG	3,454,000	0.24	84.03
18	LEE GEOK HWA	3,363,500	0.24	84.27
19	RHB SECURITIES SINGAPORE PTE LTD	2,394,400	0.17	84.44
20	LIM YEOW HUA @ LIM YOU QIN	2,364,300	0.17	84.61

5. MERMAID SHARES HELD BY DIRECTORS

As at 31 December 2018, the direct and deemed interests of each Director of Mermaid in Mermaid's ordinary shares and its percentage of issued share capital were as follows:

Name	Direct	%	Deemed	%
Mr. Prasert Bunsumpun	None	n/a	None	n/a
Mr. Chalermchai Mahagitsiri	150,461,660	10.65	822,908,013	58.22
Mr. Tang Kee Fei	None	n/a	None	n/a
Mr. Tay Yu-Jin	None	n/a	None	n/a
Mr. Jitender Pal Verma	None	n/a	None	n/a
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 December 2018, the percentage of ordinary shares held in the hand of the public was 22.57%. 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 2018 or still subsisting as at 31 December 2018.

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 2018 amounted to US Dollars 187,860 (one hundred eighty seven thousand eight hundred and sixty United States Dollars).

Non-audit fee paid to KPMG and its relevant affiliated audit entities during the financial year ended 31 December 2018 amounted to US Dollars 23,968 (twenty three thousand nine hundred and sixty eight United States Dollars). This was for work related to agreed-upon procedures in relation to 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 2018.

	Group	
	2018	2017
	USD	USD
Audit fees :		
- Auditors of the Company	187,860	156,812
- Other auditors	43,408	53,823
Non-audit fees :		
- Auditors of the Company	23,968	46,575
- Other auditors	26,894	4,044
Total audit and non-audit fees	282,130	261,254

11. APPOINTMENT OF AUDITOR

Auditors from KPMG were reappointed by a resolution of the Company's shareholders on 24 April 2018 to audit the Company's separate financial statements and the Company and its subsidiaries' consolidated financial statements for the financial year ended 31 December 2018.

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 2018:

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

Mr. Banthit Tangpakorn was the audit partner in charge of auditing and expressed his opinion on the consolidated and separate Company financial statements for the financial year ended 31 December 2018. This is the second year that he audited and expressed his opinion on the said consolidated and separate Company financial statements.

KPMG and its relevant affiliated audit entities was appointed to audit all of the Company's significant subsidiaries for the financial year ended 31 December 2018 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 2018.

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 2018 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 US Dollars 139.15 million.

The total actual accumulative uses of Rights Issue and Private Placement proceeds as at 31 December 2018 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 2018, 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 2018, 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. Tay Yu-Jin	26 April 2016	N/A	AGM 2019
2.	Mr. Prasert Bunsumpun	19 June 2012	25 April 2017	AGM 2019
3.	Dr. Jean Paul Thevenin	28 January 2013	25 April 2017	AGM 2019
4.	Mr. Tang Kee Fei	25 April 2017	25 April 2017	AGM 2020
5.	Mr. Chalermchai Mahagitsiri	19 June 2012	27 January 2015	AGM 2018
6.	Mr. Jitender Pal Verma	28 October 2017	N/A	AGM 2018
7.	Dr. Jan Jozef Skorupa	21 October 2013	29 April 2015	AGM 2021
8.	Mr. Tay Yu-Jin	26 April 2016	N/A	AGM 2021
9.	Mr. Prasert Bunsumpun	19 June 2012	25 April 2017	AGM 2021

16. DETAILS OF EMPLOYEE SHARE OPTION PLAN

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

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

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

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

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

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

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

17. LAND, BUILDINGS AND KEY MOVABLE ASSETS

As at 31 December 2018, 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	1.20	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 2018, Mermaid's key movable assets were seven (7) vessels 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	36.70	3.83
2.	Mermaid Challenger	2008	2008	19.83	3.65
3.	Mermaid Sapphire	2009	2009	34.42	21.62
4.	Mermaid Siam	2002	2010	34.47	2.73
5.	Mermaid Endurer	2010	2010	104.37	59.68
6.	Barakuda	1982	2010	1.02	0.07
7.	Mermaid Asiana	2010	2010	94.73	60.18

The net book values presented in the table above represent post-asset impairment values for such assets for the financial year ended 31 December 2018.

'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' accommodation barge and 'MTR-2' tender assist drilling rig were sold to Star Matrix Co., Ltd. on 30 May 2018 for a total consideration of US Dollars 3.8 million.

18. DIRECTORS' AND EXECUTIVE OFFICERS' FORM OF UNDERTAKING

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

As at 31 December 2018, 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 December 2018, the Company's share price closed at SGD 0.087 and its market capitalization is SGD 123.0 million. Therefore, Company is in compliant with the Minimum Trading Price ("MTP") requirement.

INDUSTRY OVERVIEW

1. 2018 – YEAR OF HIGHLY VOLATILE OIL PRICES

2018 has been a year of mixed fortunes for oil and gas. Brent Crude price increased by more than 20 percent and hit a four-year high of USD 86 per barrel in October 2018, but throughout the rest of the year was dragged down to as low as USD 50-55 per barrel in December 2018. According to the U.S. Energy Information Administration (EIA), Brent Crude oil averaged USD 72 per barrel in 2018, an increase of nearly USD 17 per barrel from 2017 levels. Nevertheless, Brent ended the year at USD 54 per barrel, nearly USD 13 per barrel lower than it began the year.

EIA reported that there were several factors contributing to the rapid decline in prices. The near-record levels of production from 3 largest producers in November 2018, the concerns over the pace of global economic growth, and the crude oil being more available to the global markets than expected due to the United States' waivers to some of Iran's largest customers to continue importing for six months. Similarly, Rystad Energy reported that the oversupplied market as well as the oil price collapse towards the end of 2018 were the result from the contributions of US shale production coupled with higher than expected oil production from OPEC+ countries, and overestimated supply losses from Iran.

In the Short-Term Energy Outlook, EIA has estimated that total world crude and other liquids production would average 100.4 million barrels per day in 2018, an increase of 2.4 million barrels per day from 2017. EIA also forecasted that the Organization of the Petroleum Exporting Countries' (OPEC) total production will average 39.2 million barrels per day in 2018, a slight decrease from 39.3 million barrels per day in 2017, while it estimated that global oil consumption increased by about 1.5 million barrels per day in 2018 to 100.1 million barrels per day.

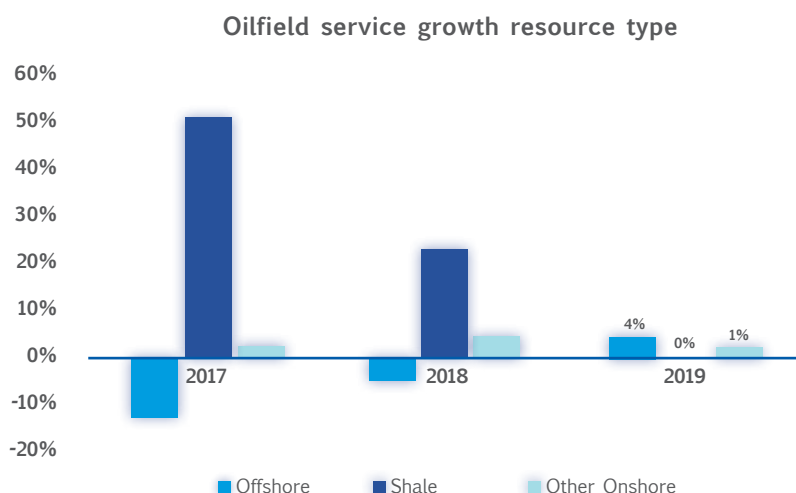
To curb oversupply issue, OPEC and other producing countries, including Russia, announced in December 2018 that they would cut production by 1.2 million barrels per day from October 2018 levels during the first six months of 2019. Despite that, as concerns over the world economic outlook and increasing oil production persist, some organizations have revised their average Brent price for 2019 downwards. Forecasts for average Brent oil price in 2019 are tabled below.

	2019 Brent Price Forecast
Citi	USD 60
US Energy Information Administration	USD 61
Goldman Sachs	USD 70
Barclays	USD 72
JP Morgan	USD 73
Reuters poll of 38 analysts & economists	USD 74.5
S&P Global Platts poll of 11 banks & brokers	USD 75.5

(Source: Kennedy Marr)

Rystad Energy opined that the production cuts will contribute to a more balanced market in 2019. In 2020, the gasoil market will tighten due to the International Maritime Organization (IMO) 2020 sulfur cap in shipping fuels, supporting higher oil prices despite the oversupply. To help balance the market, global liquids additions are to stand at 1.8 million barrels per day in 2019, compared to 2.2 million barrels per day in 2018.

On the investment side, gradual recovery is expected to continue in 2019. Rystad Energy forecasted that offshore spending will outgrow spending on onshore shale activities in 2019. Since oil prices fell in late 2018, shale budgets for 2019 have been cut drastically. Spending services for the shale industry is likely to stay flat. On the other hand, the contractors in the offshore service market and the maintenance, modifications and operations sector are to benefit from this trend reversal, and is projected to grow by 4 percent in 2019.



(Source: Rystad Energy DCube)

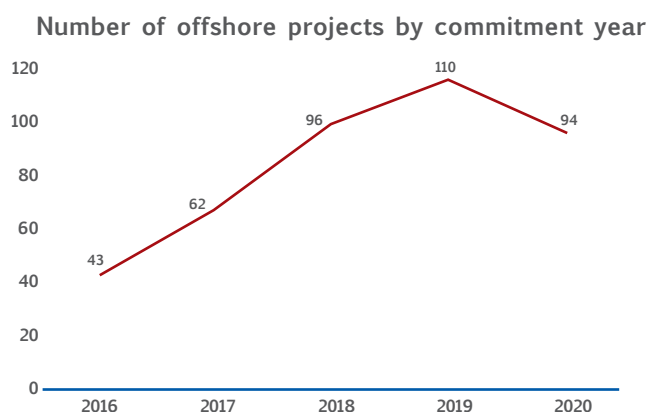
Moody's forecasted that for the year 2019 oil and gas prices will continue to be volatile, but also range-bound. While the recent announcement of production cut helps alleviate concerns about oversupply, the key questions in 2019 are whether OPEC and Russia will maintain their production discipline and what will happen in June once the agreement expires.

Wood Mackenzie has projected base-case of Brent averaging USD 66 per barrel in 2019, but also identified five key uncertainties that could affect its projection, which are: economic slowdown and subsequent lower oil demand growth; upside to production of U.S. shale; Iran and the U.S. waivers; the compounding effect of five years of the oil industry underspending on conventional drilling and projects; and the changes in the refining margins, differentials, and crude grade needs in view of the International Maritime Organization's sulfur cap coming into force on January 2020.

2. THE OFFSHORE OIL AND GAS SECTOR

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

And then the market started to see the uptick in the number of new projects of 62 projects in 2017, some 90 projects in 2018, and over 100 projects in 2019. Rystad Energy opined that, despite the falling prices during the fourth quarter of 2018, operators still plan to spend more in 2019 and move forward on project sanctioning. 2018 saw the lowest obtainable unit prices since 2006, a 30 percent down from 2014, making cost per barrel and breakeven prices highly favorable.



(Source: Rystad Energy OFS Sanctioning Report - Oilfield Service Analytics)

Westwood Energy Group estimated that the number of offshore greenfield projects passing the FID stage rose by 154 percent in 2018, compared with that in 2016. Some USD 44.7 billion is expected to be spent between 2019 and 2023 on the installation of 18,480 kilometers of offshore pipelines. A significant volume of offshore activity for IRM (Inspection, Repair and Maintenance) vessels is expected to return to the market and to amount USD 21 billion between 2019 - 2023, a 25 percent increase as compared with 2014 - 2018. Likewise, Rystad Energy opined that, the outlook for offshore oilfield service contractors is strong, and the investments in the offshore sector are more robust whereby even with an oil price of USD 50 per barrel, investments are expected to increase for midwater and deepwater E&P activities. With more than 100 new projects aiming for 2019 sanctions, offshore contractors can expect revenues to start growing again in 2019, following four years of decline, with 30 percent of 2019 projects value sits in Middle East, 25 percent in South America, 15 percent in both Africa and Asia, and then the rest are in Europe and North America combined. However, it must be noted that for 2019 to reach its full sanctioning potential, even further cost reduction efforts are needed.

3. SUBSEA SERVICES

3.1 THE SUBSEA MARKET

The subsea vessels market continued to remain highly over-supplied throughout 2018, resulting in prevailing intense price competition and depressed vessel charter rates. Vessel utilization saw slight improvement in 2018, for example, average dive support vessel utilization outside the North Sea region stood at 55-63 percent in 2018, compared to 53-54 percent range in 2017, which is still far from the 77-84 percent level during the oil peak in 2014. ROV support vessel utilization outside the North Sea region stood at 56-63 percent in 2018, a decrease from 68-71 percent range in 2017, according to Strategic Offshore Research's data. According to Rystad Energy, the outlook for offshore service contractors including subsea service providers currently appears to be positive as more than 100 new projects are aiming to be sanctioned in 2019. Rystad Energy's latest project sanctioning report suggests that in 2019 there is an expected USD 210 billion that will be spent on offshore oilfield services globally.

After four consecutive years of declining revenues it is expected that revenues will start growing again in 2019. Project sanctioning in 2017, 2018 and 2019 will be enough to turn revenue growth positive to mid-single digits as offshore capital expenditure is set to increase due to the recent years of capital commitments.

In Q4 2018 the oil prices reduced, with Brent circulating around USD 60 per barrel. Oil & Gas operators still plan to spend more in 2019 and move forward on project sanctioning. There will be project sanctioning of at least 100 offshore projects in 2019 after giving the green light to 90-plus projects in 2018. The projects on track to be sanctioned 2019 have total greenfield commitments representing about USD 120 billion.

According to Rystad Energy, 30 percent of 2019 projects value sits in Middle East, 25 percent in South America, 15 percent in both Africa and Asia, and the rest in Europe and North America combined.

Westwood expected the expenditure on subsea vessel operations to amount USD 10-13 billion per year from 2019-2023, with subsea vessel demand days forecast to grow by 12 percent, which will support the increase in vessel dayrates.

Rystad Energy expected that contractors in the offshore subsea market and MMO (Maintenance, Modifications and Operations) will outgrow spending on onshore shale activities in 2019, provided that budgets for shales have been cut drastically following the price decline at the end of 2018. On another hand, offshore budgets were at 10-year low already after four years of intense cost focus, and from that level there is not much additional activity needed to drive up the market.

3.2 TYPES OF SUBSEA VESSELS

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

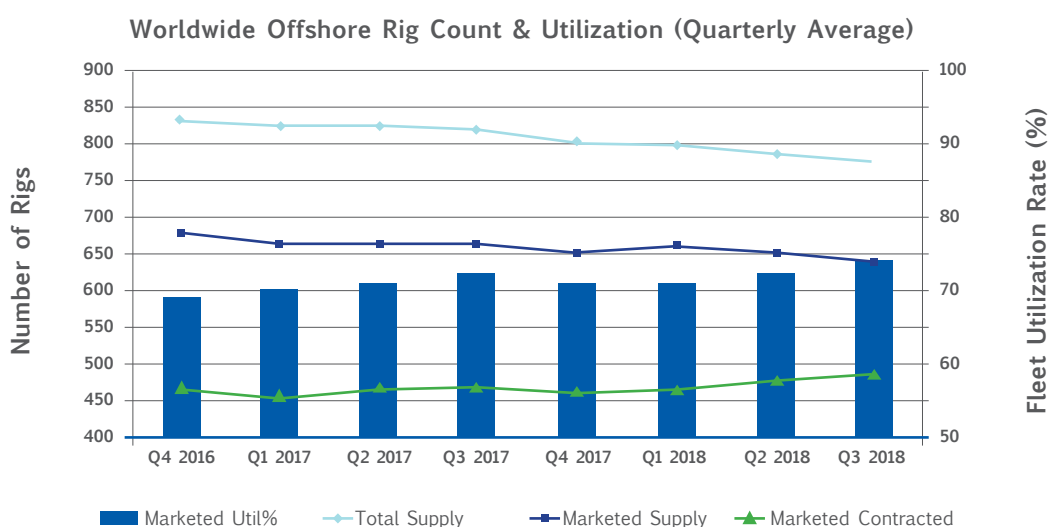
Generally, dive support vessels (DSV) within the offshore industry can range from converted vessels fitted with rudimentary air diving spreads to purpose-built vessels fitted with extensive and complex saturation diving system. ROV support vessels can include vessels fitted with portable launching systems,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

4. OFFSHORE DRILLING – SLIGHT IMPROVEMENT, RATES REMAINED FLAT

4.1 THE OFFSHORE DRILLING MARKET

Rig demand slightly increased from 70-72 percent in 2017, to reach 78 percent in Q3 2018. The number of contracted rigs indicate only slight improvement in the year. According to RigLogix, rig dayrates have seen little to no improvement in 2018, except for some isolated rig markets with high demand. One of these is in Norway, which the most recent fixtures for harsh-environment semis have reached over USD 300,000. Another region with significant dayrates increase in 2018 is the U.S. Gulf of Mexico jack-up market where the fixtures for long-legged jack-ups reached the USD 80,000-85,000 range, compared to the USD 60,000-65,000 the year before. Shallower-rated units also saw rates increasing from USD 50,000-55,000 to USD 65,000-70,000.

Analyst at IHS Markit opined that activity levels in 2019 will not be different from those of 2018. A persistent oversupply has created fierce competition, and hence operators will continue to dictate terms. Effects from projects delays and cancellations are here to stay, and because utilization rates remain low, dayrates will not climb significantly and contractors will only have to continue to accept that.



(Source: IHS Markit)

4.2 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.

4.3 THE JACK-UP DRILLING RIG MARKET

As of December 2018, the jack-up fleet count stood at 518 rigs, of which 66 were cold stacked. Of these, 315 units were contracted, with a total and marketed utilization of 61 percent and 70 percent effectively. Total utilization for the jack-ups over 10 years old were at 53 percent level, while utilization for the jack-ups that are under 10 years old stood at 70 percent.

According to Pareto Securities Equity Research's statistics, historical dayrates for jack-ups have been quite flat over the year except for the IC jack-up under 10 years old which have seen a slight increase.



(Source: Pareto Securities Equity Research, IHS Petrodata)

RigLogix reported that dayrates have seen little to no improvement in 2018, except for the isolated U.S. Gulf of Mexico jack-up market where the fixtures for long-legged jack-ups went to reach the USD 80,000-USD 85,000 range, compared to the USD 60,000-65,000 the year before. Shallower-rated units also saw rates increasing from USD 50,000-55,000 to USD 65,000-70,000.

RigLogix further opined that neither supply nor demand alone can fix the underutilization issue. For dayrates to rise materially, utilization must reach 85 percent. That requires either 89-rig increase on the demand side or a scrapping of nearly 100 rigs, which is not going to occur soon. In addition, there are still 79 newbuild jack-ups sitting in shipyards. Jack-up dayrates will not move upward in 2019, especially in the Middle East where there are more than 100 rigs competing for work.

5. MERMAID'S INDUSTRY POSITIONING

Having served the Oil & Gas industry for over 30 years, Mermaid boasts a proven track record of subsea excellence. With operations throughout South East Asia and the Middle East, Mermaid plays a pioneering role in the global subsea markets. Mermaid has the capability to provide a subsea solution, in any water depth which involve complex and challenging engineering, in any region of the world for the Oil and Gas markets.

Owning and operating a fleet of subsea construction, intervention and survey vessels that enable us to offer differentiated positions with our clients, Mermaid focuses on long term relationships that enhance our service delivery and reduce overall risk.

Mermaid continues to take a cautionary perspective on the offshore oil and gas market outlook over the next 12 months. With the recent oil market rebalance, many commentators in the industry have put forward certain features of offshore oil and gas service companies that would make them better placed than others in this context. Having taken these various factors into account, Mermaid believes that it is one of those well-placed companies to capitalize on the current market conditions. This is due to Mermaid's strategic industry positioning, reputation, track record, and fiscal discipline. This is further elaborated as follows:

GEOGRAPHICAL COVERAGE AND SHALLOW WATER FOCUSED

The majority of Mermaid's subsea vessel fleet operate in relatively shallow water 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 NOC's in those countries. This includes countries throughout the Middle East and Asia Pacific regions exposing Mermaid to the benefits of local expansions as NOC's strive for continued growth and energy security and therefore tend to be less price-sensitive.

IRM FOCUSED AND GEOGRAPHICAL EXPANSION

One of Mermaid's core businesses is dedicated to the NOC's yearly inspection, repair and maintenance programs which is less exposed to capital expenditure reduction. In particular, medium to long-term demand is expected to remain relatively intact which should bode well for Mermaid. Mermaid continues to pursue other service and geographical expansion to those countries where demand growth is relatively strong especially in the SURF and cable installation markets.

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 provides 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 in the subsea services sector, with more near-term contract wins expected. This contract backlog is expected to provide a backbone of revenue in 2019 with room for additional upside.

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: IHS Markit, Kennedy Marr, Organization of the Petroleum Exporting Countries (OPEC), Pareto Securities Research, Rigzone, Rystad Energy, Strategic Offshore Research, U.S. Energy Information Administration (EIA), Moody's, Wood Mackenzie).

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 Thailand Federation of Accounting Professions (“TFAP”). To analyse the Group’s financial performance, a variety of financial and operational terms and concepts have been used including the following:

- **Calendar-vessel-days/Calendar-rig-days** : Calendar-vessel-days and Calendar-rig-days are defined as the total number of days during which the vessels and drilling rigs have been owned and operated by the Group.
- **Available days** : Available days are defined as the number of Calendar-vessel-days or Calendar-rig-days less the total number of days that the vessels and drilling rigs are off-hire due to scheduled repairs or repairs under guarantee, and upgrades or special surveys. Available days represent the number of days during which the fleet is capable of generating revenues.
- **Operating days** : Operating days are defined as the number of available days less the total number of days that the fleet is off-hire due to any reason, including unforeseen circumstances. Operating days represent the number of days during which the fleet actually generates revenues.
- **Fleet utilization** : Fleet utilization is calculated by dividing the number of operating days by the number of available days. Fleet utilization measures the efficiency in finding suitable employment for the vessels and drilling rigs and minimising the amount of days that they are off-hire for reasons other than scheduled repairs or repairs under guarantee, upgrades, 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 capitalized and amortized on a straight-line basis from the completion of a dry-docking to the estimated completion of the next dry-docking. Dry-docking is considered a separate component of a vessel’s or drilling rig’s total investment costs that have a different pattern of economic benefits and are therefore depreciated separately. Costs associated with routine repairs and maintenance that do not enhance or extend a vessel’s or a drilling rig’s useful life are expensed during the quarter in which they are incurred.
- **Depreciation** : The reduction in value of the vessels and drilling rigs is computed on a component basis, whereby each major component of a vessel or drilling rig is depreciated over its useful life. As components have different useful lives, the total of these component depreciation expenses is noted in the Group’s financial statements.
- **Service and administrative expenses** : Service and administrative expenses include onshore fleet related expenses such as payroll, rent, legal and professional expenses, and other general expenses. The depreciation of building and office equipment is also viewed as part of the service and administrative expenses.
- **Exchange rate** : For 2018 financial numbers, the exchange rate of Baht 32.4498 and Baht 32.3107 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. 2017 and 2018) 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”).

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

Calendar-Vessel-Days	FY2018		FY2017	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	2,555	0.00%	2,555	-0.27%
Chartered in Vessels	212	-64.19%	592	-5.13%
Total	2,767	-12.07%	3,147	-1.22%

Calendar days of owned vessel were maintained at 2,555 days as there was no new acquisition or disposal during the year. The overall calendar days decreased 380 days or 12.07% from FY2017 to FY2018, mainly due to expiry of chartered-in vessels ‘Resolution’ in July 2018 and ‘Nusantara’ in August 2017.

Table 2: Fleet Utilization for Offshore Service Vessels

Item	FY2018		FY2017	
	No. of Days	% Change	No. of Days	% Change
Calendar-Vessel-Days	2,767	-12.07%	3,147	-1.22%
Planned Off-Hire Days	163	1,258.33%	12	-29.41%
Available Days	2,604	-16.94%	3,135	-1.07%
Operating Days	790	-27.46%	1,089	-26.62%
Fleet Utilization	30.34%	-12.09%	34.74%	-12.09%

Service revenues : Service revenues decreased 34.49% from US Dollars 144.7 million in 2017 to US Dollars 94.8 million in 2018. The decrease was mainly driven by lower fleet utilization from 1,089 operating days in 2017 to 790 operating days in 2018 due to dry docking activities for our four working vessels, lack of projects in the market, expiry of chartered-in vessel contract and a lower of non-vessels projects. As a result, total fleet utilization dropped from 34.74% in 2017 to 30.34% in 2018. Average day rates decreased from US Dollars 93.0 thousand in 2017 to US Dollars 78.7 thousand in 2018.

Costs of services : Recorded at US Dollars 103.8 million in 2018, costs of services, mainly consisting of service expenses and depreciation, decreased by 14.64% compared to US Dollars 121.6 million in 2017.

Service expenses : Service expenses decreased 16.55% from US Dollars 103.3 million or equivalent US Dollars 32,813 per Calendar-vessel-day in 2017 to US Dollars 86.2 million or equivalent US Dollars 31,151 per Calendar-vessel-day in 2018. Service expenses as percentage of revenue increased from 71.38% to 90.96% as a result of decrease in service revenue.

Depreciation : Depreciation expenses decreased from US Dollars 18.3 million in 2017 to US Dollars 17.6 million in 2018 representing a 3.83% decrease.

OFFSHORE DRILLING SERVICES

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

Table 3: Calendar-Rig-Days for Drilling Rigs

Calendar-Rig-Days	FY2018		FY2017	
	No. of Days	% Change	No. of Days	% Change
Owned Rigs	170	-76.71%	730	-0.27%
Chartered in Rigs	-	-	-	-
Total	170	-76.71%	730	-0.27%

Table 4: Fleet Utilization for Drilling Rigs

Item	FY2018		FY2017	
	No. of Days	% Change	No. of Days	% Change
Calendar-Rig-Days	170	-76.71%	730	-0.27%
Planned Off-Hire Days	-	n/a	-	n/a
Available Days	170	-76.71%	730	-0.27%
Unplanned Off-Hire Days	-	n/a	-	n/a
Operating Days	-	n/a	-	n/a
Fleet Utilization	0.00%	-	0.00%	-

Service revenues : Drilling group reported no service income in 2018 and 2017 as 'MTR-1' and 'MTR-2' have both been cold stacked since 2015 as a result of limited demand in the drilling market. On 26 March 2018, the two rigs were presented as assets held for sale. The completion of the disposal of certain rigs had taken place on 30 May 2018.

Cost of services : Cost of services solely consisting of depreciation was down from US Dollars 998 in 2017 to US Dollars 328 in 2018 because of the disposal of the assets in May 2018.

OTHER OPERATING RESULTS

General and administrative expenses : In 2018, general and administrative expenses were US Dollars 25.0 million. Administrative expenses as percentage of revenue increased from 16.10% in 2017 to 26.36% in 2018 due to an increase in professional service fees and accounts receivable provision.

Finance costs : The costs of finance were recorded at US Dollars 3.9 million in 2018, increased from US Dollars 3.6 million in 2017 due to an increase in market interest rate according to loans repayment schedule.

Interest income : Interest income decreased by 8.37% from US Dollars 765 thousand in 2017 to US Dollars 701 thousand in 2018.

Foreign exchange gains (losses) : Changes in foreign exchange rates resulted in US Dollars 78 thousand gains in 2018 compared to compared to US Dollars 1.1 million gains in 2017.

Other income : Other revenues were recorded at US Dollars 2.6 million in 2018 increasing by 62.50% from US Dollars 1.6 million in 2017 with major income derived from reversal of impairment losses on assets from disposal of 'MTR-1' and 'MTR-2'.

Share of profits on investment in associated companies : US Dollars 8.1 million was recorded as share of profits from investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs, an increase from profit US Dollars 4.6 million in the previous year. The main reason was an adjustment of internal bareboat chartered rate in 2018. In 2018, 'AOD-I', 'AOD-II', and 'AOD-III' operated steadily and achieved high utilization rates of 99% for overall three jack-up rigs. The share of losses from investment in PTGC Co., Ltd. ("PTCG") was US Dollars 82 thousand derived from administrative expenses.

Share of profits of investment in jointly-controlled entity : Share of profits of investment in jointly-controlled entity slightly decreased from US Dollars 82 thousand in 2017 to US Dollars 73 thousand in 2018.

Impairment provisions : No significant impairment was recorded in 2018 and 2017.

Income taxes : In 2018, income tax expenses were US Dollars 0.9 million. An increase of US Dollars 0.9 million from US Dollars 0.1 million in 2017 was mainly due to an increase of deferred income taxes and an adjustment of corporate income tax of the prior year.

Based on the factors illustrated above, the Group reported net loss of US Dollars 27.3 million in 2018, which decreased from net profit of US Dollars 4.2 million in 2017.

LIQUIDITY AND CAPITAL RESOURCES

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

Table 5: Total Capitalization

Item	Unit: Thousand US Dollars	
	As at 31 December	
	2018	2017
Cash and cash equivalents	69,070	81,494
Debt		
Short-term debt	-	-
Current portion, long-term debt (including finance leases)	15,937	11,937
Long-term debt (including finance leases)	51,875	67,817
Total Debt	67,812	79,754
Shareholders' Equity		
Ordinary shares, Baht 1 par value		
1,413.33 million shares (2017: 1,413.33 million shares) issued and fully paid-up	47,322	47,322
Additional paid-in capital	343,536	343,536
Retained earnings	(73,245)	(46,052)
Others	(2,725)	(2,622)
Total Shareholders' Equity	314,888	342,184
Total Capitalization	382,700	421,938
Total Debt to Total Capitalization	0.18	0.19

As at 31 December 2018, the Group's total cash and cash equivalents equaled US Dollars 69.1 million, a decrease of US Dollars 12.4 million from US Dollars 81.5 million as at 31 December 2017.

In 2018, the Company generated net cash from operating activities of US Dollars 9.9 million compared to US Dollars 11.3 million in 2017. Before changes in working capital as well as tax and financial costs, the Company used US Dollars 10.2 million in 2018, compared to US Dollars 23.4 million generated in 2017.

The Company has net cash used in investing activities for 2018 of US Dollars 25.9 million, primarily for current investments of US Dollars 17.8 million and an acquisition of new investments in associates of US Dollars 5.2 million. The Company invested in various equipment and intangible assets for US Dollars 7.5 million, which was offset against proceeds from sale of property, plant and equipment of US Dollars 4.0 million.

The Company used net cash for financing activities of US Dollars 15.8 million in 2018 primarily for long-term loan repayment of US Dollars 12.0 million and finance cost paid of US Dollars 3.8 million.

As at 31 December 2018, the Company had a total debt including financial lease of US Dollars 67.8 million, comprising of US Dollars loans of 67,725 thousand and financial lease of US Dollars 87 thousand. In comparison, as at 31 December 2017, the Company had a total debt including financial lease of US Dollars 79.8 million, comprising of US Dollars loans of US Dollars 79,615 thousand and financial lease of US Dollars 139 thousand. Outstanding loans were obtained mainly for acquisitions of vessels, rigs, and equipment.

CAPITAL EXPENDITURES

The major capital expenditure in 2018 was an investment in property, plant and equipment totaling of US Dollars 6.9 million.

QUALITATIVE AND QUANTITATIVE MARKET RISK

FOREIGN CURRENCY FLUCTUATION RISK

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

INTEREST RATE RISK

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

CREDIT RISK

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

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

LIQUIDITY RISK

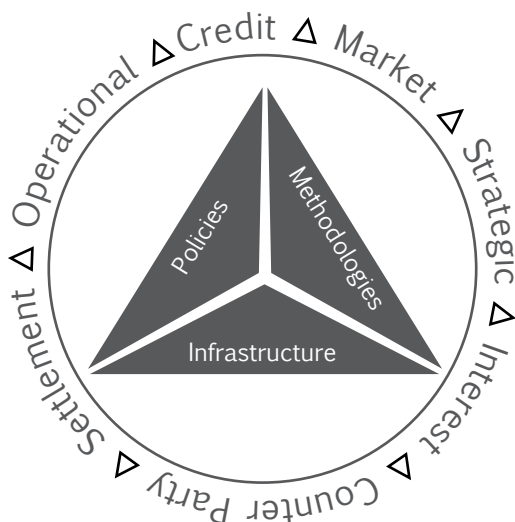
The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

RISK MANAGEMENT

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

ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

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



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

RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

THE BOARD OF DIRECTORS

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

RISK MANAGEMENT COMMITTEE

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

MERMAID GROUP'S FIVE-STEP RISK MANAGEMENT PROCESS

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

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

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

KEY RISKS AND MITIGATION STRATEGIES

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

(A) STRATEGIC RISKS

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

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

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

(B) CREDIT RISKS

Credit default risks:

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

Concentration risk:

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

(C) OPERATIONAL RISKS

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, human factors or external events associated to the Group's operations. The Group adopts a standardized 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. Formalized guidelines, procedures, internal training and tools are used to provide guidance in assessing, mitigating and monitoring risks.

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

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

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

(D) FINANCIAL RISKS

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

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

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

The Group regularly reviews its loan covenants before entering into loan commitments to ensure financial flexibility is maintained. The Group regularly reviews its financing commitments from time to time to consider if refinancing opportunities exist to secure more competitive financing terms.

(E) COMPLIANCE RISKS

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

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

(F) HUMAN RESOURCES RISKS

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

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

(G) EXTERNAL RISKS

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

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

ENHANCING RISK MANAGEMENT CULTURE

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

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

SUSTAINABILITY REPORT

BOARD STATEMENT

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

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

The Company recognises the importance of good governance for continued growth and investors’ confidence. In line with the commitment by the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code. The Board confirms that for the financial year ended 31 December 2018 (“FY2018”), the Company has generally adhered to the principles and guidelines set out in the Code, and where there are deviations from the Code, appropriate explanations are provided.

INTRODUCTION

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

Mermaid also has a number of holdings in smaller regional subsea companies. A hallmark of the Company’s value proposition across these diverse markets is a common commitment to quality, reliability, safety and operational excellence. This is underpinned by the Company’s leading performance in environmental, health and safety management across its operations and a growing commitment to sustainability.

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

MATERIAL ESG FACTORS AND REPORTING FRAMEWORKS

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

EXHIBIT 1: ESG METRICS RELEVANT TO MERMAID

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

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

ENVIRONMENTAL IMPACTS: GHG EMISSIONS

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

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

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

EXHIBIT 2: GROUP GHG EMISSIONS, FY2018

Item	Units	FY2018	FY2017
Energy use			
Purchased electricity	kWh	2,132,565	2,037,937
Business travel (Company cars & third party)			
Total distance travelled	km	277,377	311,801
Greenhouse gases			
Scope 1	tCO ₂ e	39,061	37,695
Scope 2 (location-based)	tCO ₂ e	1,282	1,227
Scope 3 (business travel)	tCO ₂ e	29	N/A

The bulk of emissions from Mermaid's direct operations come from fuel oil use within the fleet as well as electricity generation through gas turbines and diesel engines. Scope 1 emissions from direct operations represent 97% of the total GHG footprint.

Purchased electricity represents the next highest overall source of operational GHG emissions. At present, zero percent of electricity and fuel use is from renewable sources, however the Company is in the process of installing solar panels at its Thai sites, which should reduce emissions.

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

ENVIRONMENTAL IMPACTS: EMISSIONS TO AIR

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

- **Nitrogen oxides (NOx)** – diesel engine usage is prohibited unless NOx emissions are within the g/kWh limits for rated engine speed as defined within the MARPOL (International Convention for the Prevention of Pollution from Ships) Annex VI NOx Technical Code¹.
- **Sulphur oxides (SOx)** – the sulphur content of any fuel oil used on board ships may not exceed 3.5% m/m. Average sulphur content of fuel oil supplied for use on board ships is monitored and SOx Emission Control Areas are observed under MARPOL – sulphur content under these areas may not exceed 1% m/m.

Mermaid's fleet consumed 11,697 m³ of fuel oil for electricity generation on ships in 2018, which resulted into 1,247 tonnes of SO₂ emissions and 1,302 tonnes of NOx.

¹ MARPOL Annex VI NOx Technical Code & SOx explained (<https://www.marpol-annex-vi.com/marpol-annex-vi/>)

EXHIBIT 3: FUEL OIL USAGE AND ASSOCIATED AIR POLLUTANTS

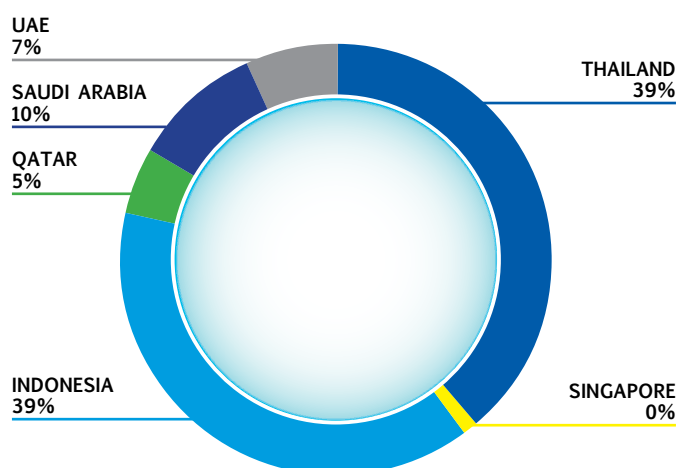
Item	Units	FY2018	FY2017
Energy use			
Fuel Oil Consumption	m ³	11,697	10,971
SO ₂	Tonnes	1,247	1,199
NO _x	Tonnes	1,302	1,221

ENVIRONMENTAL IMPACTS: WATER CONSUMPTION

Due to the nature of its operations, much of the water consumed in Mermaid's operations is seawater. Of freshwater consumption in Mermaid operations, 100% is in the form of supplied (purchased) water consumption, which was 7,456 m³ in 2018. The largest share of this came from Thai operations (43%).

EXHIBIT 4: SUPPLIED WATER CONSUMPTION, FY2018

Item	Units	FY2018	FY2017
Water Consumption			
Supplied water	m ³	7,456	8,219

EXHIBIT 5: WATER CONSUMPTION BY SOURCE, FY2018**ENVIRONMENTAL IMPACTS: CHEMICAL RISK MANAGEMENT**

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

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

ENVIRONMENTAL IMPACTS: WASTE GENERATION AND DISPOSAL

Mermaid's waste impacts predominantly occur within its vessel fleet, where 442 tonnes of waste was generated in FY2018. This ranged from high volume but relatively low impact forms of waste (such as paper) to wastes with a much higher environmental impact (e.g. incineration of 82 tonnes of sludge, 49 tonnes of lubricating oil). The fleet also disposed of relatively large amounts of plastic (57 tonnes) and paper (52 tonnes). The bulk of waste is disposed of onshore, where this goes to landfill or in the case of scrap metal, collected for reuse by an onshore contractor.

EXHIBIT 6: VESSEL WASTE TYPES BY VOLUME AND DISPOSAL PATHWAY

Item	FY2018	FY2017	
Waste type	Volume (tonnes)	Volume (tonnes)	Disposal
Sludge	82	149	Incineration
Bilge water	55	89	Onshore processing
Plastic	57	50	Onshore processing
Paper	52	44	Onshore processing
Lubricating oil	49	38	Onshore processing
Food waste	28	25	Onshore processing
Metals	13	21	Onshore processing
Soda lime	10	12	Onshore processing
Wood	10	9	Onshore processing
Electronic waste	2	2	Onshore processing
Paint and paint waste	1	1	Onshore processing

In addition to vessel waste, some 119 tonnes of office waste was generated in FY2018, some 96% of the total. This represents a mix of food, paper, plastic and other wastes.

The Company is in the process of replacing plastics across its operations with biodegradable materials, which should have a meaningful impact on its waste footprint.

ENVIRONMENTAL IMPACTS: ECOLOGICAL IMPACTS

Impacts on the marine environment and ecology are a key concern for companies operating in the offshore sector. A major risk is oil spillage in operations – and no spills occurred in Mermaid's operations in FY2018. Company operations and vessel procedures are aligned with Annex V of MARPOL 73/78 on the prevention of pollution from waste management.

Through its corporate social responsibility activities, the Company is working to actively contribute to conservation of the marine environment. In 2018, Mermaid's parent Company (TTA-Group) engaged in a major programme of coral reef restoration in the Gulf of Thailand (Chonburi province), which will help safeguard habitat for local aquatic species and strengthen coastal protection. The programme involved 70 volunteers, including Mermaid Maritime's CEO.

SOCIAL IMPACTS: ONSITE HEALTH AND SAFETY MANAGEMENT

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

At the core of this is the Safety Health Environment Quality and Security (SHEQS) management system which is compliant with the requirements of ISM, ISO9001, ISO14001 and OHSAS 18001. The Company is in the process of upgrading its health and safety management systems to align with the ISO 45001 standard. Staff training is an essential element of quality and risk management and a Company-wide training target of 3% of overall man hours is set each year. This equates to 26,191 hours for FY2018 to date. The Company is in the process of updating all its procedures to comply with the latest iterations of the relevant ISO standards. It is also an accredited IMCA Member for its diving, marine, remote systems and remote operated vehicles, as well as bell and saturation diving activities.

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

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

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

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

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

Continuous efforts to integrate a robust onsite health and safety culture are evidenced in the low Total Recordable Injury Rate for FY2018 (0.51, based on 6 cases/2,368,292 man-hours), Near Miss Frequency Rate (10 cases) and zero fatalities or vehicle incidents in FY2018 to date.

EXHIBIT 7: HEALTH AND SAFETY KEY PERFORMANCE INDICATORS, FY2018

OSHA Indicator	FY2018	FY2017
Total Recordable Injury Rate	0.51 (6 cases/2,368,292 man-hours)	1.29 (13 cases/2,004,403 man-hours)
Total Fatality Rate	0	0
Near Miss Rate	10 cases	8 cases
Vehicle Incident Rate	0	0

SOCIAL IMPACTS: EMPLOYEE DIVERSITY AND INCLUSION

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

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

The impacts of this diversity policy are borne out in Company-wide gender diversity – at 70% male and 30% female, this represents a reasonable performance within an often male-dominated sector, albeit with room for improvement.

Age diversity is another area of focus – some 70% of employees fall within the 30-50 age category, with comparatively small shares of under-30s and over-50s. This is partly attributable to the specialist nature of the business and its services.

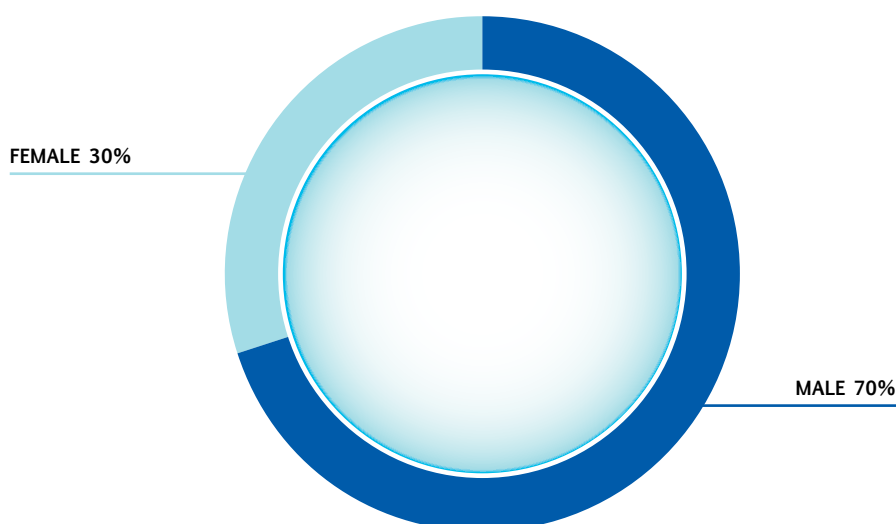
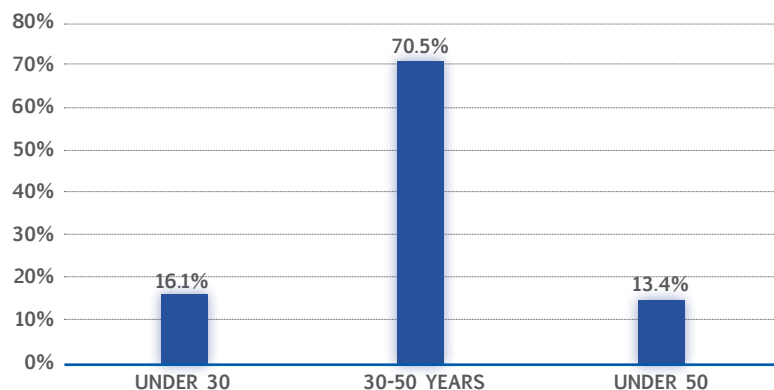
EXHIBIT 8: GENDER RATIO OF MERMAID MARITIME, FY2018

EXHIBIT 9: MERMAID EMPLOYEES BY AGE GROUP, FY2018**GOVERNANCE****GOVERNANCE: EMPLOYMENT PRACTICES**

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

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

GOVERNANCE: MANAGEMENT DIVERSITY

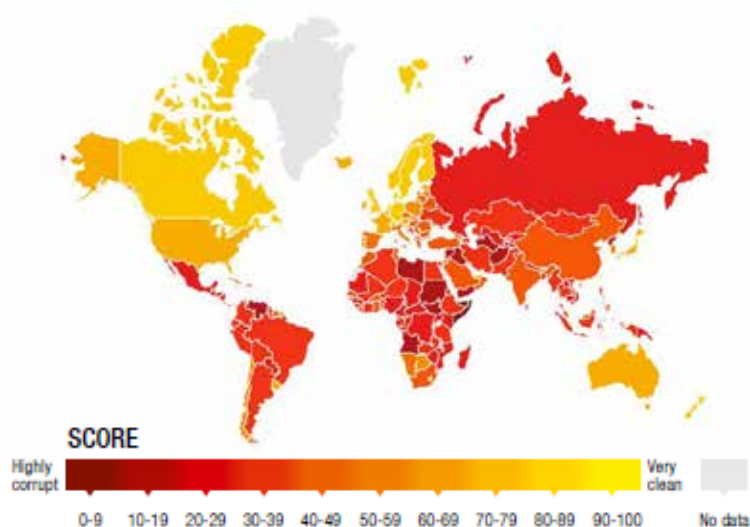
Management diversity is an issue of key importance to the sector, in terms of ensuring an adequate breadth of experience and views, whilst continuing to ensure that management selection is based on merit. In FY2018, Mermaid's management was 83% male and 17% female in composition, with 42% of the management aged 30-50, 58% over 50.

GOVERNANCE: BUSINESS ETHICS

Mermaid Maritime does not obtain revenue from activities in countries with the 20 lowest rankings in Transparency International's Corruption Perception Index².

² Transparency International (2017) Corruption Perceptions Index 2016. Available from: https://www.transparency.org/news/feature/corruption_perceptions_index_2016%20-%20table [accessed 12/09/2017]

The Company has a detailed Global Anti-Bribery and Corruption Policy applicable to all employees, and additional



guidance is provided through Mermaid Subsea Services Legal Department. The Executive Vice President for Subsea Services has responsibility for ensuring the policy is observed across Company activities.

EXHIBIT 10: CORRUPTION PERCEPTION INDEX 2018

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

TARGETS AND POLICIES

ENVIRONMENTAL TARGETS AND POLICIES

Target area	ADOPTION		
	Phase 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Reducing NO_x and SO₂ emissions from fuel oil	Ensure all engines meet Tier II NO _x standards and 2020 IMO targets for sulphur content of fuel (0.5%)	Ensure all engines meet Tier III NO _x standards and 2020 IMO targets for sulphur content of fuel consistent with ECA in all regions (0.1%) ³	Implement exhaust gas cleaning system to limit SO ₂ emissions to below 6g/kWhr and explore LNG use to abate NO _x and CO ₂ emissions ⁴
Sludge generation and disposal	Ensure all sludge is collected and treated rather than incinerated	Implement a sludge management plan for all vessels to ensure sludge generation is reduced by 25% on the 2017 baseline	Explore energy recovery from sludge

³ DieselNet (2016) IMO Marine Engine Regulations <https://www.dieselnet.com/standards/inter/imo.php#nox>

⁴ NGV (2017) 'IS LNG A FEASIBLE ALTERNATIVE TO MARINE BUNKERS?' <http://naturalgasglobal.com/2016/10/10/is-lng-a-feasible-alternative-to-marine-bunkers/>

Target area	ADOPTION		
	Phase 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Energy demand reduction on vessels	Achieve a 5% reduction in energy consumption by the vessel fleet	Achieve a 10% reduction in energy consumption by the vessel fleet	Achieve a 15% reduction in energy consumption by vessel fleet in line with ETI targets ⁵
Measure and mitigate impacts on the marine environment	Undertake a Strategic Environmental Assessment (SEA) of operational impacts on marine ecology	Ensure 1 FTE employee is assigned to assessing impacts from drilling and other operations on marine ecology	Ensure 2 FTE employees are assigned to measuring and mitigating ecological impacts from Drilling and Subsea Services respectively

SOCIAL TARGETS AND POLICIES

Target area	ADOPTION		
	Phase 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Employee upskilling	Achieve a 5% manhours Companywide training target focusing on skills and QHSE	Achieve a 6% Companywide training target focusing on skills and QHSE	Achieve a 7% Companywide training target focusing on skills and QHSE
Age balance	Implement an outreach programme to ensure better representation of under 30s in new recruitment	Increase the number of employees under 30 to 20% of total workforce	Increase the number of employees under 30 to 25% of total workforce

GOVERNANCE TARGETS AND POLICIES

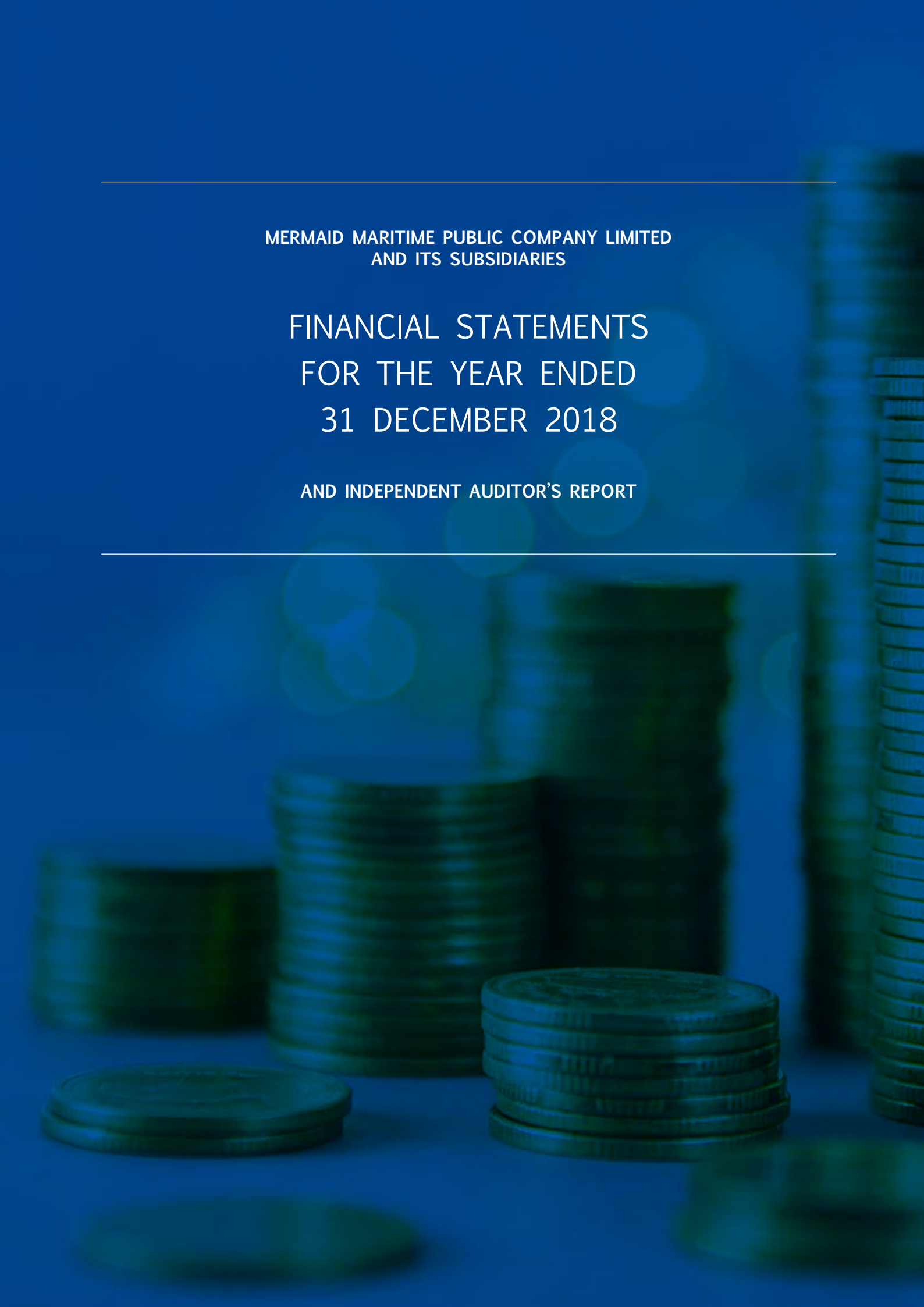
Target area	ADOPTION		
	Phase 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Management diversity	Ensure any changes to top management composition work to increase female representation	Increase female top management membership year on year	Ensure 25% of top management is female
Business ethics	Ensure all existing and incoming staff are provided with a training on Mermaid's Global Anti Bribery and Corruption policies	Produce awareness materials for suppliers of Mermaid's Global Anti Bribery and Corruption policies	Develop a screening checklist of Bribery and Corruption concerns for suppliers, including assessment of compliance with the Modern Slavery Act

⁵ ETI (2017) Targeting a 30% Improvement in Fuel Efficiency for Marine Vessels <http://www.eti.co.uk/insights/targeting-a-30-improvement-in-fuel-efficiency-for-marine-vessels>

MERMAID MARITIME PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

AND INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Mermaid Maritime Public Company Limited and Its Subsidiaries



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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 2018, 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 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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

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.

B



The impairment testing of property, plant and equipment, goodwill, investment in subsidiaries and associates Refer to Notes 3, 10, 11, 13, and 14 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in the audit
<p>As the exploration business is in downturn which influenced the expenditure of the Group's customers on oil and gas exploration and production activities, which resulted in lower utilisation and day rate for subsea and offshore drilling services. This is an indicator of impairment of property, plant and equipment, goodwill and investment in associates in the consolidated financial statements, and of investment in subsidiaries in the separate financial statements.</p> <p>To determine the recoverable amount of a vessel, management considered the higher of the vessel's value-in-use and its fair value less costs to sell.</p> <p>Management used the work of an independent valuer to evaluate the fair value less costs to sell of certain vessels.</p> <p>Management also used the discounted cash flow forecast method to estimate the value-in-use. In estimating the valuation, there are assumptions used for the estimation of future cash flows such as future profit, useful life and discounted 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 included:</p> <ul style="list-style-type: none"> • making inquiries of management and obtaining related documents to understand the process by which management has derived its value-in-use estimates; • comparing forecast revenues to those achieved in prior periods; • evaluating the discounted cash flow forecast methodology and key assumptions applied in estimating the discount rate, such as cost of debt; • performing sensitivity tests by carrying key assumptions; • assessing the competency and independence of management's fair value less costs to sell valuer; and • considering the adequacy of the Group's disclosures in accordance with the relevant Thai Financial Reporting Standards.
Recognition of deferred tax assets Refer to Notes 3 and 16 to the consolidated 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:</p> <ul style="list-style-type: none"> • making inquiries of management and obtaining related documents to understand the process by which management has derived its future taxable profits forecast estimates; • comparing future taxable profits forecast to those achieved in prior periods; • evaluating the forecast methodology and key assumptions applied; and • considering the adequacy of the Group's disclosures in accordance with the relevant Thai Financial Reporting Standards.

B



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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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.

(Banthit Tangpakorn)
Certified Public Accountant
Registration No. 8509

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2019

STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and Its Subsidiaries

Assets	Note	Consolidated financial statements			
		31 December		31 December	
		2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Current assets					
Cash and cash equivalents	5	36,484	68,692	1,183,899	2,244,916
Current investments	6	18,036	-	585,265	-
Trade accounts receivable	4, 7	35,924	62,147	1,165,727	2,031,020
Other accounts receivable	8	7,067	9,037	229,323	295,337
Supplies and spare parts		1,384	1,928	44,911	63,009
Total current assets		98,895	141,804	3,209,125	4,634,282
Non-current assets					
Restricted deposit at financial institutions	9	14,550	12,802	472,145	418,381
Investment in associates	10	119,423	88,927	3,875,252	2,906,214
Investment in joint venture	10	2,120	2,047	68,794	66,898
Investment properties	12	588	541	19,080	17,680
Property, plant and equipment	13	169,429	182,872	5,497,937	5,976,422
Goodwill	14	2,066	2,066	67,041	67,519
Intangible assets	15	114	122	3,699	3,987
Advance payment for investment	10	-	17,275	-	564,563
Deferred tax assets	16	2,281	2,470	74,018	80,722
Other non-current assets		125	202	4,056	6,602
Total non-current assets		310,696	309,324	10,082,022	10,108,988
Total assets		409,591	451,128	13,291,147	14,743,270

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	
		2018	2017	2018	2017
		(in thousand US Dollar)		(in thousand Baht)	
Current liabilities					
Trade accounts payable		5,201	4,792	168,771	156,607
Other accounts payable	4, 18	18,992	22,079	616,287	721,561
Current portion of long-term borrowings	17	15,890	11,890	515,627	388,576
Current portion of finance lease liabilities	17	47	47	1,525	1,536
Current income tax payable		194	75	6,295	2,451
Total current liabilities		40,324	38,883	1,308,505	1,270,731
Non-current liabilities					
Long-term borrowings	17	51,835	67,725	1,682,035	2,213,314
Finance lease liabilities	17	40	92	1,298	3,007
Provisions for employee benefits	19	2,504	2,244	81,254	73,336
Total non-current liabilities		54,379	70,061	1,764,587	2,289,657
Total liabilities		94,703	108,944	3,073,092	3,560,388

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			
		31 December		31 December	
Liabilities and equity	Note	2018	2017	2018	2017
		(in thousand US Dollar)		(in thousand Baht)	
Equity					
Share capital	20				
Authorized share capital		-	-	1,416,701	1,416,701
Issued and paid share capital		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	20	343,536	343,536	12,271,678	12,271,678
Deficit		(73,245)	(46,052)	(4,256,628)	(3,378,846)
Other components of equity	21	(2,197)	(2,199)	811,475	895,048
Equity attributable to owners of the parent		315,416	342,607	10,239,854	11,201,209
Non-controlling interests		(528)	(423)	(21,799)	(18,327)
Total equity		314,888	342,184	10,218,055	11,182,882
Total liabilities and equity		409,591	451,128	13,291,147	14,743,270

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

STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and Its Subsidiaries

Assets	Note	Separate financial statements			
		31 December		31 December	
		2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Current assets					
Cash and cash equivalents	5	1,752	25,370	56,852	829,114
Other accounts receivable	4, 8	141,141	140,714	4,579,998	4,598,660
Short-term loans to related parties	4	16,800	62	545,157	2,026
Total current assets		159,693	166,146	5,182,007	5,429,800
Non-current assets					
Restricted deposit at financial institutions	9	4,375	4,375	141,968	142,979
Investment in associate	10	22,507	-	730,348	-
Investment in joint venture	10	213	213	6,912	6,961
Investments in subsidiaries	11	156,959	156,959	5,093,288	5,129,561
Investment properties	12	2,013	1,914	65,321	62,551
Long-term loan to related party	4	55,902	55,506	1,814,009	1,813,986
Property, plant and equipment	13	146	204	4,738	6,667
Intangible assets	15	21	42	681	1,373
Advance payment for investment		-	17,275	-	564,563
Deferred tax assets	16	21	17	681	556
Other non-current assets		11	48	357	1,569
Total non-current assets		242,168	236,553	7,858,303	7,730,766
Total assets		401,861	402,699	13,040,310	13,160,566

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

STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and Its Subsidiaries

Liabilities and equity	Note	Separate financial statements			
		31 December		31 December	
		2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Current liabilities					
Other accounts payable	4, 18	745	586	24,175	19,152
Total current liabilities		745	586	24,175	19,152
Non-current liabilities					
Provisions for employee benefits	19	105	87	3,407	2,843
Total non-current liabilities		105	87	3,407	2,843
Total liabilities		850	673	27,582	21,995
Equity					
Share capital	20				
Authorized share capital		-	-	1,416,701	1,416,701
Issued and paid share capital		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	20	343,536	343,536	12,271,678	12,271,678
Differences arising from common control transactions	21	(7,406)	(7,406)	(239,757)	(239,757)
Retained earnings (Deficit)					
Unappropriated (Deficit)		17,531	18,546	(881,206)	(849,219)
Other components of equity	21	28	28	448,684	542,540
Total equity		401,011	402,026	13,012,728	13,138,571
Total liabilities and equity		401,861	402,699	13,040,310	13,160,566

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	2018	2017	2018	2017
		(in thousand US Dollar)		(in thousand Baht)	
Revenue					
Revenue from rendering of services	4	94,760	144,661	3,071,858	4,918,910
Interest income		701	765	22,727	25,863
Net gain on foreign exchange		78	1,083	2,163	36,885
Other income	4	2,622	1,568	83,305	54,709
Total revenue		98,161	148,077	3,180,053	5,036,367
Expenses					
Costs of rendering of services	23	103,768	121,596	3,358,726	4,135,933
Administrative expenses	4, 24	24,982	23,288	808,652	790,820
Finance costs	26	3,897	3,583	125,955	121,557
Total expenses		132,647	148,467	4,293,333	5,048,310
Share of profit of associates and joint venture		8,062	4,650	260,479	157,871
Profit (loss) before income tax expense		(26,424)	4,260	(852,801)	145,928
Tax expense	27	874	56	28,453	1,818
Profit (loss) for the year		(27,298)	4,204	(881,254)	144,110
Other comprehensive expense					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		2	(144)	64	(5,057)
Translation adjustments		-	-	(83,637)	(1,071,743)
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans, net of tax	27	-	(123)	-	(4,053)
Other comprehensive expense for the year, net of tax		2	(267)	(83,573)	(1,080,853)
Total comprehensive income (expense) for the year		(27,296)	3,937	(964,827)	(936,743)

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	2018	2017	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)		
Profit (loss) attributable to:					
Owners of parent	(27,193)	4,217	(877,782)	144,536	
Non-controlling interests	(105)	(13)	(3,472)	(426)	
Profit (loss) for the year	(27,298)	4,204	(881,254)	144,110	
Total comprehensive income (expense) attributable to:					
Owners of parent	(27,191)	3,950	(961,355)	(936,317)	
Non-controlling interests	(105)	(13)	(3,472)	(426)	
Total comprehensive income (expense) for the year	(27,296)	3,937	(964,827)	(936,743)	
Basic earning (losses) per share	(in US Dollar)		(in Baht)		
Basic earning (losses) per share	29	(0.0192)	0.0030	(0.6211)	0.1023

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

STATEMENT OF COMPREHENSIVE INCOME

Mermaid Maritime Public Company Limited and Its Subsidiaries

		Separate financial statements			
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
		(in thousand US Dollar)		(in thousand Baht)	
Revenue					
Management fee income	4	360	360	11,632	11,861
Interest income	4	1,150	1,336	37,125	45,227
Net gain on foreign exchange		1,199	15,013	39,252	512,535
Other income	4	365	1,950	11,811	66,203
Total revenue		3,074	18,659	99,820	635,826
Expenses					
Administrative expenses	4, 24	4,093	3,396	131,938	114,999
Total expenses		4,093	3,396	131,938	114,999
Profit before income tax expense (income)		(1,019)	15,263	(32,118)	520,827
Tax income	27	(4)	(6)	(131)	(198)
Profit (loss) for the year		(1,015)	15,269	(31,987)	521,025
Other comprehensive expense					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Translation adjustments		-	-	(93,856)	(1,240,229)
Other comprehensive expense for the year, net of tax		-	-	(93,856)	(1,240,229)
Total comprehensive income (expense) for the year		(1,015)	15,269	(125,843)	(719,204)
Basic earnings (losses) per share		(in US Dollar)		(in Baht)	
Basic earnings (losses) per share	29	(0.0007)	0.0108	(0.0226)	0.3687

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

Mermaid Maritime Public Company Limited and Its Subsidiaries

	Consolidated financial statements											
	Note	Issued and paid share capital	Share premium on ordinary shares	Retained earnings/(Deficit)			Other components of equity					
				Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
<i>(in thousand US Dollar)</i>												
Year ended 31 December 2017												
Balance at 1 January 2017		47,322	343,536	-	(50,400)	1,337	28	(3,166)	(1,801)	338,657	(410)	338,247
Transactions with owners, recorded directly in equity												
<i>Distributions to owners of the parent</i>												
Liquidation of a subsidiary	11	-	-	-	254	-	-	(254)	(254)	-	-	-
<i>Total distributions to owners of the parent</i>		-	-	-	254	-	-	(254)	(254)	-	-	-
Total transactions with owners, recorded directly in equity		-	-	-	254	-	-	(254)	(254)	-	-	-
Comprehensive income (expense) for the year												
Profit or loss		-	-	-	4,217	-	-	-	-	4,217	(13)	4,204
Losses on remeasurements of defined benefit plans	27	-	-	-	(123)	-	-	-	-	(123)	-	(123)
Exchange differences on translating financial statements		-	-	-	-	(144)	-	-	(144)	(144)	-	(144)
Total comprehensive income (expense) for the year		-	-	-	4,094	(144)	-	-	(144)	3,950	(13)	3,937
Balance at 31 December 2017		47,322	343,536	-	(46,052)	1,193	28	(3,420)	(2,199)	342,607	(423)	342,184

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						
		Translation of financial statements		Share-based payment interests		Changes in ownership interests		Total other components of equity		Equity attributable to owners of parent	

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

Mermaid Maritime Public Company Limited and Its Subsidiaries

Consolidated financial statements												
Note	Issued and paid share capital	Share premium on ordinary shares	Retained earnings/(Deficit)		Other components of equity			Non-controlling interests	Total equity			
			Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests			Total other components of equity		
											(in thousand Baht)	
Year ended 31 December 2017												
	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	
Balance at 1 January 2017												
Transactions with owners, recorded directly in equity												
<i>Distributions to owners of the parent</i>												
	-	-	-	9,680	-	-	(9,680)	(9,680)	-	-	-	
11	Liquidation of a subsidiary											
<i>Total distributions to owners of the parent</i>										-	-	
Total transactions with owners, recorded directly in equity										(9,680)	-	
Comprehensive income (expense) for the year										(426)	144,110	
	-	-	-	144,536	-	-	-	-	144,536	(426)	144,110	
Losses on remeasurements of defined benefit plans										(4,053)	(4,053)	(4,053)
27	-	-	-	(4,053)	-	-	-	-	-	-	(4,053)	
Exchange differences on translating financial statements										(5,057)	(5,057)	(5,057)
Translation adjustments										(1,071,743)	(1,071,743)	(1,071,743)
Total comprehensive income (expense) for the year										(936,317)	(426)	(936,743)
Balance at 31 December 2017										11,201,209	(18,327)	11,182,882
	1,413,329	12,271,678	-	(3,378,846)	1,015,337	874	(121,163)	895,048	11,201,209	(18,327)	11,182,882	

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

Mermaid Maritime Public Company Limited and Its Subsidiaries

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					
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings		Total equity
				Legal reserve	Unappropriated	
				<i>(in thousand US Dollar)</i>		
Year ended 31 December 2017						
Balance at 1 January 2017	47,322	343,536	(7,406)	-	3,277	386,757
Comprehensive income for the year						
Profit	-	-	-	-	15,269	15,269
Total comprehensive income for the year	-	-	-	-	15,269	15,269
Balance at 31 December 2017	47,322	343,536	(7,406)	-	18,546	402,026

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

Mermaid Maritime Public Company Limited and Its Subsidiaries

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

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

STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and Its Subsidiaries

	Separate financial statements					
	Retained earnings/(Deficit)		Other components of equity			Total equity
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Translation of financial statements	Share-based payment	
Year ended 31 December 2018						
Balance at 1 January 2018	1,413,329	12,271,678	(239,757)	541,666	874	13,138,571
Comprehensive expense for the year						
Loss	-	-	-	-	-	(31,987)
Translation adjustments	-	-	-	(93,856)	-	(93,856)
Total comprehensive expense for the year	-	-	-	(93,856)	-	(125,843)
Balance at 31 December 2018	1,413,329	12,271,678	(239,757)	447,810	874	13,012,728

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	
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	(27,298)	4,204	(881,254)	144,110
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense	874	56	28,453	1,818
Finance costs	3,897	3,583	125,955	121,557
Depreciation	18,201	19,340	588,525	657,110
Amortisation	99	1,828	3,196	62,381
Reversal of impairment losses on assets	(1,800)	-	(56,774)	-
Unrealised loss (gain) on exchange	391	(733)	12,264	(25,248)
Gain from revaluation of trading securities	(236)	-	(7,736)	-
Share of profit of associates and joint venture, net of tax	(8,062)	(4,650)	(260,479)	(157,871)
Bad and doubtful debts expenses	2,253	-	73,901	-
Losses on supplies and spare parts devaluation	277	-	8,841	-
Gains on disposals and write-offs of property, plant and equipment and intangible assets	(241)	(7)	(7,597)	(244)
Interest income	(701)	(765)	(22,727)	(25,863)
Gain from liquidation of a subsidiary	-	(145)	-	(5,092)
Provision for employee benefits	448	339	14,554	11,762
Reversal of provision for non-refundable withholding tax	-	(1,146)	-	(40,127)
Loss from write-off non-refundable withholding tax	1,703	1,483	55,397	51,157
	(10,195)	23,387	(325,481)	795,450
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institutions	(1,748)	(4,825)	(56,722)	(157,685)
Trade accounts receivable	23,994	3,126	778,601	102,161
Other accounts receivable	2,171	7,635	70,449	249,519
Supplies and spare parts	267	(51)	8,664	(1,667)
Other non-current assets	77	(41)	2,499	(1,340)
Trade accounts payable	413	(1,044)	13,401	(34,119)
Other accounts payable	(4,227)	(14,524)	(137,165)	(474,657)
Exchange rate losses from translating financial statements	2	1	64	35
Translation adjustments	-	-	(22,055)	(219,242)
Net cash generated from operating activities	10,754	13,664	332,255	258,455
Employee benefit paid	(188)	(946)	(6,040)	(32,086)
Taxes paid	(687)	(1,406)	(22,414)	(48,295)
Net cash from operating activities	9,879	11,312	303,801	178,074

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	
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
<i>Cash flows from investing activities</i>				
Increase in current investments	(17,800)	-	(577,605)	-
Proceeds from short-term deposit at financial institutions	-	27,950	-	913,431
Increase in advance payment for investment	-	(17,275)	-	(564,563)
Acquisition of investment in associate	(5,232)	-	(169,778)	-
Proceeds from sale of property, plant and equipment	4,045	38	131,259	1,242
Acquisition of property, plant and equipment and intangible assets	(7,547)	(3,138)	(244,899)	(102,553)
Interest received	667	862	21,644	28,171
Net cash from (used in) investing activities	(25,867)	8,437	(839,379)	275,728
<i>Cash flows from financing activities</i>				
Repayment of borrowings	(12,000)	(10,000)	(389,398)	(326,809)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(60)	(35)	(1,947)	(1,144)
Finance costs paid	(3,767)	(3,456)	(121,736)	(117,276)
Net cash used in financing activities	(15,827)	(13,491)	(513,081)	(445,229)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	(31,815)	6,258	(1,048,659)	8,573
Effect of exchange rates changes on cash and cash equivalents	(393)	617	(12,358)	21,397
Net increase (decrease) in cash and cash equivalents	(32,208)	6,875	(1,061,017)	29,970
Cash and cash equivalents at beginning of year	68,692	61,817	2,244,916	2,214,946
Cash and cash equivalents at ending of year	36,484	68,692	1,183,899	2,244,916
<i>Non-cash transactions</i>				
Receivables for sales of property, plant and equipment	24	2	779	65
Payables for purchase of property, plant and equipment and intangible assets	276	893	8,956	29,184
Finance lease agreements for purchases of equipment	87	156	2,823	5,098
Transfer of advance payment of investment to investment in associates	17,275	-	560,570	-

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	
Note		2018	2017	2018	2017
		(in thousand US Dollar)		(in thousand Baht)	
Cash flows from operating activities					
		(1,015)	15,269	(31,987)	521,025
	Profit (loss) for the year				
	Adjustments to reconcile profit (loss) to cash receipts (payments)				
	Tax income	(4)	(6)	(131)	(198)
	(Reversal of) depreciation	(27)	344	(1,120)	11,665
	Amortization	21	29	676	986
	Reversal of impairment loss on investment in subsidiary	11	(595)	-	(19,866)
	Unrealised gain on exchange	(1,188)	(15,127)	(38,894)	(516,431)
	(Reversal of) bad and doubtful debts expenses	(67)	(928)	(2,209)	(31,790)
	Provision for employee benefits	18	14	582	474
	Interest income	(1,150)	(1,336)	(37,125)	(45,227)
		(3,412)	(2,336)	(110,208)	(79,362)
Changes in operating assets and liabilities					
	Restricted deposit at financial institution	-	(4,375)	-	(142,979)
	Receivables from related parties	1,623	(123)	52,666	(4,020)
	Other accounts receivable	(111)	(14)	(3,602)	(458)
	Other non-current assets	38	(16)	1,233	(523)
	Other accounts payable	157	210	5,095	6,862
	Translation adjustments	-	-	(6,381)	(62,741)
	Net cash used in operating activities	(1,705)	(6,654)	(61,197)	(283,221)
	Taxes paid	(55)	(33)	(1,772)	(1,139)
	Net cash used in operating activities	(1,760)	(6,687)	(62,969)	(284,360)
Cash flows from investing activities					
	Increase in advance payment for investment	-	(17,275)	-	(564,563)
	Acquisition of investment in associate	(5,232)	-	(169,778)	-
	Proceeds from short-term deposit at financial institutions	-	27,950	-	913,431
	Increased in short-term loans to related party	(21,986)	(16,062)	(713,441)	(524,921)
	Proceeds from repayment of short-term loans to related party	5,248	16,000	170,297	522,894
	Acquisition of property, plant and equipment	(15)	(123)	(487)	(4,020)
	Interest received	142	650	4,608	21,243
	Net cash from (used in) investing activities	(21,843)	11,140	(708,801)	364,064
	Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	(23,603)	4,453	(771,770)	79,704
	Effects of exchange rate changes on cash and cash equivalents	(15)	40	(492)	1,371
	Net increase (decrease) in cash and cash equivalents	(23,618)	4,493	(772,262)	81,075
	Cash and cash equivalents at beginning of year	25,370	20,877	829,114	748,039
	Cash and cash equivalents at ending of year	1,752	25,370	56,852	829,114
Non-cash transactions					
	Debt forgiveness to subsidiaries	4	3,658	-	119,547
	Offset between other payables and return to shareholder from the liquidation of a subsidiary	11	35,955	-	1,175,042
	Transfer of advance payment for investment to investment in associate	10	17,275	560,570	-

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 2018

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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 the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2019.

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 2018 and 2017 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/Indirect holding (%)	
			31 December 2018	31 December 2017
<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 Pte. Ltd., which has one subsidiary as follows:	Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry	Singapore	100.0	100.0
PT Seascope Surveys Indonesia ⁽¹⁾	”	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 Subsea Services (Malaysia) Sdn. Bhd. ⁽²⁾	”	Malaysia	45.0	-
Mermaid Drilling Ltd., which has four 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

Name of the entities	Nature of business	Country of incorporation	Direct/Indirect holding (%)	
			31 December 2018	31 December 2017
Mermaid Drilling (Singapore) Pte. Ltd. ⁽³⁾	Production and exploration drilling services	Singapore	-	-
MTR - 3 (Singapore) Pte. Ltd. ⁽⁴⁾	"	Singapore	-	-
MTR - 4 (Singapore) Pte. Ltd. ⁽⁴⁾	"	Singapore	-	-
Mermaid Maritime Mauritius Ltd., which has one subsidiary as follows:	Investment holding	Mauritius	100.0	100.0
Mermaid International Ventures, which has three subsidiaries and four associates as follows:	"	Cayman	100.0	100.0
<i>Subsidiaries</i>				
Mermaid Subsea Services (International) Ltd., which has two subsidiaries as follows:	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	Seychelles	100.0	100.0
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Limited)	"	Saudi Arabia	95.0	95.0
Mermaid Subsea Services LLC ⁽²⁾	"	Qatar	49.0	49.0
<i>Associates</i>				
Asia Offshore Drilling Limited, which has three subsidiaries as follows:	Drilling services	Bermuda	33.76	33.76
Asia Offshore Rig 1 Limited	"	Bermuda	33.76	33.76
Asia Offshore Rig 2 Limited	"	Bermuda	33.76	33.76
Asia Offshore Rig 3 Limited	"	Bermuda	33.76	33.76
<i>Associates</i>				
PTGC Co., Ltd.	Real estate	Cambodia	49.00	-
<i>Joint venture</i>				
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry	Saudi Arabia	40.00	40.00

(1) Group interest is 95% after taking account of nominee holdings.

(2) Group interest is 100% after taking account of nominee holdings.

(3) Mermaid Drilling (Singapore) Pte. Ltd. was deregistered on 5 April 2018.

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

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 2018. 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 new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosure in note 33.

(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>
Equity securities held for trading	Fair value
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 carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 11, 13 and 14	Impairment test : Key assumptions underlying recoverable amounts ;
Note 16	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 accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

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

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

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

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

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

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

- Note 12 – Investment properties; and
- Note 30 – Financial instruments.

3 Significant accounting policies

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

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

Business combinations

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

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

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

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

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

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

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

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

Non-controlling interests

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

Loss of control

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

Interests in equity-accounted investees

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

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

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

Transactions eliminated on consolidation

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

(b) Foreign currencies*Foreign currency transactions*

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

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

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

Foreign currency differences are generally recognised in profit or loss.

Group companies

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

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

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

(c) Cash and cash equivalents

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

Restricted deposit

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

(d) Trade and other accounts receivable

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

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

(e) Supplies and spare parts

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

Investment in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

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

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

(g) *Investment properties*

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

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

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

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

Buildings and building improvement	10 and 20 years
------------------------------------	-----------------

No depreciation is provided on freehold land.

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

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

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

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

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

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

Subsequent costs

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

Depreciation

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

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

Buildings and building improvement	10 and 20 years
Offshore support vessels	5 to 30 years
Second-hand tender rigs	5 to 20 years
Motor launches	10 years
Dry-docking	2.5 and 5 years
Tools and equipment	3 to 20 years
Office equipment	3 to 5 years
Motor vehicles	5 to 10 years

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

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

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

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

(i) Intangible assets*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

(j) Impairment

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

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

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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

Reversals of impairment

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

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

(k) *Interest-bearing liabilities*

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

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Employee benefits*

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Share-based payments

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

(o) Provisions

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

(p) Revenue

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

Rendering of services

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

Mobilisation activities related to drilling rig activity to mobilise a rig from one geographic area to another are linked to the underlying contracts. Certain contracts include mobilisation fees paid at the start of the contracts. Where the mobilisation fee covers a general or specific upgrade of a rig or equipment, the fee is recognised as revenue over the contract period. In cases where the fee covers specific operating expenses at the start up of the contract, the fee is recognised in the same period as the expenses.

Interest and dividend income

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

(q) Finance costs

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

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

(r) Lease payments

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

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

(s) *Income tax*

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

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

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

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

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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) *Earnings per share*

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

(u) Business segment reporting

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

4 Related parties

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

Relationships with related parties were as follows:

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

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

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

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

<i>Year ended 31 December</i>	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Parent				
Rental income	53	53	1,713	1,797
Administrative expenses	84	56	2,707	1,895
Joint venture				
Rendering of services	56,562	69,764	1,829,131	2,364,513
Other related parties				
Administrative expenses	45	-	1,480	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	1,250	1,258	40,375	42,414
Post-employment benefits	2	2	73	68
Total key management personnel compensation	1,252	1,260	40,448	42,482

<i>Year ended 31 December</i>	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Parent				
Rental income	53	53	1,713	1,797
Administrative expenses	84	56	2,707	1,895
Subsidiaries				
Management fee income	360	360	11,632	11,861
Interest income	1,027	811	33,230	27,498
Rental income	234	224	7,557	7,598
Other income	75	1,667	2,422	55,694
Administrative expenses (reduction)	(54)	80	(1,785)	2,780
Other related parties				
Other administrative expenses	45	-	1,480	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	1,250	773	40,375	26,186
Post-employment benefits	2	2	73	68
Total key management personnel compensation	1,252	775	40,448	26,254

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

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Trade accounts receivable from related parties				
Joint venture	20,269	45,119	657,725	1,474,530
Total	20,269	45,119	657,725	1,474,530
Other accounts receivables from related parties				
Parent	13	5	422	163
Associates	1	-	32	-
Total	14	5	454	163

Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	
			2018 (in thousand Baht)
			2017
Other accounts payables to related parties			
Parent	6	6	195
Total	6	6	195
			196
Separate financial statements			
	2018 (in thousand US Dollar)	2017	
			2018 (in thousand Baht)
			2017
Other accounts receivables from related parties			
Parent	13	5	422
Subsidiaries	59,350	59,731	1,925,896
Subsidiaries - transferred investments in associates under common control	82,812	82,227	2,687,233
Associates	1	-	32
	142,176	141,963	4,613,583
			4,639,478
Less allowance for doubtful account	(1,292)	(1,359)	(41,925)
Net	140,884	140,604	4,571,658
			4,595,065
(Reversal of) bad and doubtful debts expense for the year	(67)	(928)	(2,029)
			(31,790)

Other accounts receivable from transferred investment in associates under common control

On 26 September 2014, the Company agreed to transfer the investment in associates, Asia offshore Drilling Group, to a subsidiary, Mermaid International Ventures "MIV" at cost of US Dollar 97.6 million for consideration received of Baht 2,899.0 million or equivalent to US Dollar 90.2 million. As at 31 December 2018, the Company had outstanding amount due from MIV amounting to US Dollar 82.8 million or equivalent to Baht 2,687.2 million (2017: US Dollar 82.2 million or equivalent to Baht 2,687.3 million) as other accounts receivable from related parties in the separated financial statement.

Debt forgiveness to subsidiaries

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

Separate financial statements			
	2018 (in thousand US Dollar)	2017	
			2018 (in thousand Baht)
			2017
Short-term loans to related party			
Subsidiaries	16,800	62	545,157
Total	16,800	62	545,157
			2,026

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

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
<i>Subsidiaries</i>				
At 1 January	62	50,627	2,026	1,814,001
Increases	21,986	16,062	713,441	524,921
Decreases	(5,248)	(16,000)	(170,297)	(522,894)
Transferred of short-term loans to related party to long-term loans to related party	-	(55,506)	-	(1,813,986)
Unrealised gains (losses) on exchange rates	-	4,879	-	166,565
Translation adjustments	-	-	(13)	(166,581)
At 31 December	16,800	62	545,157	2,026

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

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
<i>Long-term loans to related party</i>				
Subsidiaries	55,902	55,506	1,814,009	1,813,986
Total	55,902	55,506	1,814,009	1,813,986

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

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
<i>Subsidiary</i>				
At 1 January	55,506	-	1,813,986	-
Transferred of short-term loans to related party to long-term loans to related party	-	55,506	-	1,813,986
Unrealised gain on exchange	396	-	12,962	-
Translation adjustments	-	-	(12,939)	-
At 31 December	55,902	55,506	1,814,009	1,813,986

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

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
<i>Other accounts payable to related parties</i>				
Parent	6	6	195	196
Subsidiaries	12	1	389	33
Total	18	7	584	229

5 Cash and cash equivalents

Consolidated financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Cash on hand	90	65	2,920
Cash at bank	36,394	68,627	1,180,979
Total	36,484	68,692	1,183,899

Separate financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Cash on hand	1	1	32
Cash at bank	1,751	25,369	56,820
Total	1,752	25,370	56,852

6 Current investments

Consolidated financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Current investments			
Equity securities held for trading	6,236	-	202,357
Other debt securities held to maturity	11,800	-	382,908
Total	18,036	-	585,265

Movements during the years ended 31 December of marketable equity and debt securities were as follows:

Consolidated financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Trading securities			
At 1 January	-	-	-
Purchases during the year	6,000	-	194,699
Valuation adjustment	236	-	7,766
Translation adjustments	-	-	(108)
At 31 December	6,236	-	202,357
Other debt securities held to maturity			
At 1 January	-	-	-
Purchases during the year	11,800	-	382,908
At 31 December	11,800	-	382,908

Measurement of fair value

The Company determines Level 2 fair values for equity securities using a current value of the investment, which is in the Company's portfolio report from asset management companies.

7 Trade accounts receivable

	Note	Consolidated financial statements			
		2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
Joint venture	4	20,269	45,119	657,725	1,474,530
Other parties		12,872	13,683	417,694	447,173
Retention receivables		3,022	1,592	98,063	52,028
Accrued income		2,579	2,338	83,689	76,407
Total		38,742	62,732	1,257,171	2,050,138
Less allowance for doubtful account		(2,818)	(585)	(91,444)	(19,118)
Net		35,924	62,147	1,165,727	2,031,020
Bad and doubtful debts expense for the year		2,253	-	73,901	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
Within credit terms	6,231	20,632	202,194	674,272
Overdue:				
Less than 3 months	15,543	23,238	504,367	759,439
3-6 months	1,978	14,768	64,186	482,632
6-12 months	8,336	889	270,502	29,053
Over 12 months	3,632	1,613	117,859	52,714
	35,720	61,140	1,159,108	1,998,110
Less allowance for doubtful account	(2,818)	(585)	(91,444)	(19,118)
Net	32,902	60,555	1,067,664	1,978,992
Retention receivables	3,022	1,592	98,063	52,028
Total	35,924	62,147	1,165,727	2,031,020

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 accounts receivables

	Note	Consolidated financial statements			
		2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
Related parties	4	14	5	454	163
Other party					
- Withholding taxes		2,820	4,395	91,508	143,633
- Input taxes awaiting invoice		1,854	1,932	60,162	63,139
- Prepaid expenses		1,147	1,555	37,220	50,819
- Advances for business expenses		737	1,015	23,916	33,171
- Other		495	135	16,063	4,412
Total		7,067	9,037	229,323	295,337

		Separate financial statements			
		2018	2017	2018	2017
		(in thousand US Dollar)		(in thousand Baht)	
Related parties	4	140,884	140,604	4,571,658	4,595,065
Other parties					
- Prepaid expenses		147	43	4,770	1,405
- Withholding taxes		79	25	2,564	817
- Accrued interest income		2	21	65	686
- Others		29	21	941	687
Total		141,141	140,714	4,579,998	4,598,660

9 Restricted deposit at financial institution

Consolidated financial statements

As at 31 December 2018, US Dollar 8.3 million or equivalent to Baht 270 million (2017: US Dollar 7.8 million or equivalent to Baht 255 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 2018, US Dollar 4.4 million or equivalent to Baht 142 million (2017: US Dollar 4.4 million or equivalent to Baht 143 million) restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

As at 31 December 2018, US Dollar 1.9 million or equivalent to Baht 60 million (2017: US Dollar 0.6 million or equivalent to Baht 20 million) restricted deposit at financial institutions were deposited by subsidiaries to secure the performance guarantee from the financial institution.

Separate financial statements

As at 31 December 2018, US Dollar 4.4 million or equivalent to Baht 142 million (2017: US Dollar 4.4 million or equivalent to Baht 143 million) restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

10 Investment in associates and joint venture

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Associates				
At 1 January	88,927	84,359	2,906,214	3,022,642
Increase during the year	5,232	-	169,777	-
Transfer from advance payment for investment	17,275	-	560,570	-
Share of net profits of associates	7,989	4,568	258,114	155,084
Translation adjustments	-	-	(19,423)	(271,512)
At 31 December	119,423	88,927	3,875,252	2,906,214
Joint venture				
At 1 January	2,047	1,965	66,898	70,407
Share of profit of joint venture	73	82	2,365	2,787
Translation adjustments	-	-	(469)	(6,296)
At 31 December	2,120	2,047	68,794	66,898
Total				
At 1 January	90,974	86,324	2,973,112	3,093,049
Increase during the year	5,232	-	169,777	-
Transfer from advance payment for investment	17,275	-	560,570	-
Share of net profits of associates and joint venture	8,062	4,650	260,479	157,871
Translation adjustments	-	-	(19,892)	(277,808)
At 31 December	121,543	90,974	3,944,046	2,973,112
Separate financial statements				
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Associate				
At 1 January	-	-	-	-
Increase during the year	5,232	-	169,777	-
Transfer from advance payment for investment	17,275	-	560,570	-
Translation adjustments	-	-	1	-
At 31 December	22,507	-	730,348	-
Joint venture				
At 1 January	213	213	6,961	7,632
Translation adjustments	-	-	(49)	(671)
At 31 December	213	213	6,912	6,961
Total				
At 1 January	213	213	6,961	7,632
Increase during the year	5,232	-	169,777	-
Transfer from advance payment for investment	17,275	-	560,570	-
Translation adjustments	-	-	(48)	(671)
At 31 December	22,720	213	737,260	6,961

Increase in a direct associate

During the year ended 31 December 2017, the Company had entered into a share sale and purchase agreement (“SPA”) with a third party for the purchase of 49% of the total issued shares in PTGC Co., Ltd. (“PTGC”), a company incorporated in Cambodia.

During the year ended 31 December 2018, all the conditions in the SPA were met, and PTGC became a direct associate of the Company.

Transaction Support Agreement (“TSA”)

On 4 April 2018, Mermaid International Ventures (“MIV”), an indirect subsidiary of the Company, has entered into the TSA with the ultimate parent company (outside Thoresen Thai Agencies Public Company Limited and its subsidiaries (“TTA Group”)) of the Group’s associates. MIV has agreed to the terms of put and call options in respect of MIV’s shares in the Group’s associates in accordance with the terms set out in the TSA, which can summarised as follows:

- (a) MIV will be granted a put option in respect of its shares in Group’s associates, exercisable between 1 October 2019 and 30 September 2020. The valuation for MIV’s shares in Group’s associates shall be based on independent rig brokers and financial expert assessment but subject to a ceiling of US Dollar 125 million.
- (b) The ultimate parent company (outside Thoresen Thai Agencies Public Company Limited and its subsidiaries (“TTA Group”)) of the Group’s associates will be granted a call option in respect of MIV’s shares in Group’s associates, exercisable from 1 October 2020 to 31 March 2021. The valuation for MIV’s shares in Group’s associates shall be based on independent rig brokers and financial expert assessment but subject to a floor price of US Dollar 75 million.

Investments in associates and joint venture as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements											
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
(in thousand US Dollar)											
Direct associate											
	PTGC Co., Ltd.	Cambodia	49.00	-	USD 19 million	-	22,507	-	22,425	-	-
							22,507	-	22,425	-	-
Indirect associates											
	Asia Offshore Drilling Limited ^(a)	Bermuda	33.76	33.76	USD 60 million	USD 60 million	97,582	97,582	96,998	88,927	-
							97,582	97,582	96,998	88,927	-
Joint venture											
	Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	2,120	2,047	-
							213	213	2,120	2,047	-
Total						120,302	97,795	121,543	90,974	-	-

Consolidated financial statements

Consolidated financial statements											
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
		<i>(in thousand Baht)</i>									
Direct associate	PTGC Co., Ltd.	49.00	-	USD 19 million	-	730,348	-	727,687	-	-	-
						730,348	-	727,687	-	-	-
Indirect associates	Asia Offshore Drilling Limited ^(a)	33.76	33.76	USD 60 million	USD 60 million	3,166,516	3,189,068	3,147,565	2,906,214	-	-
						3,166,516	3,189,068	3,147,565	2,906,214	-	-
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	6,912	6,961	68,794	66,898
								6,912	6,961	68,794	66,898
Total						3,903,776	3,196,029	3,944,046	2,973,112	-	-

^(a) Asia Offshore Drilling Limited comprises three subsidiaries, which are Asia Offshore Rig 1 Limited, Asia Offshore Rig 2 Limited, and Asia Offshore Rig 3 Limited.

None of the Group's associates and joint ventures are publicly listed and consequently do not have published price quotations.

Investments in associate and joint venture as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended, were as follows:

Separate financial statements								
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2017
			(%)			(in thousand US Dollar)		
Associate								
PTGC Co., Ltd.	Cambodia	49.00	-	USD 19 million	-	22,507	-	-
						22,507	-	-
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	-
						213	213	-
Total						22,720	213	-

Separate financial statements

Separate financial statements									
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
(in thousand Baht)									
Associate									
PTGC Co., Ltd.	Cambodia	49.00	-	USD 19 million	-	730,348	-	-	-
						730,348	-	-	-
Joint venture									
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,912	6,961	-	-
						6,912	6,961	-	-
Total						737,260	6,961	-	-

None of the Company's associate and joint venture are publicly listed and consequently do not have published price quotations.

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.

	PTGC Co., Ltd.			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Revenue	-	-	-	-
Loss from continuing operations	(168)	-	(5,540)	-
Total comprehensive income (loss) (100%)	(168)	-	(5,540)	-
Group's share of total comprehensive income (loss) (% hold)	(82)	-	(2,715)	-
Current assets	2	-	65	-
Non-current assets	19,360	-	628,228	-
Current liabilities	(3)	-	(97)	-
Non-current liabilities	-	-	-	-
Net assets (100%)	19,359	-	628,196	-
Group's share of net assets (% hold)	9,486	-	307,819	-
Goodwill	12,939	-	419,868	-
Carrying amount of investment in associate	22,425	-	727,687	-

	Asia Offshore Drilling Limited			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Revenue	69,791	52,612	2,256,305	2,022,667
Profit from continuing operations	23,905	13,531	772,501	459,376
Total comprehensive income (100%)	23,905	13,531	772,501	459,376
Group's share of total comprehensive income (% hold)	8,071	4,568	260,829	155,084
Current assets	65,732	49,217	2,132,990	1,608,456
Non-current assets	428,403	439,789	13,901,592	14,372,700
Current liabilities	(15,409)	(225,595)	(500,019)	(7,372,648)
Non-current liabilities	(191,409)	-	(6,211,184)	-
Net assets (100%)	287,317	263,411	9,323,379	8,608,508
Group's share of net assets (% hold)	96,998	88,927	3,147,565	2,906,214
Goodwill	-	-	-	-
Carrying amount of investment in associate	96,998	88,927	3,147,565	2,906,214

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			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Carrying amount of interest in immaterial joint venture	2,120	2,047	68,794	66,898
Group's share of:				
- Profit from continuing operations	73	82	2,365	2,787
- Total comprehensive income	73	82	2,365	2,787

11 Investments in subsidiaries

	Note	Separate financial statements			
		2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
At 1 January		156,959	192,319	5,129,561	6,890,924
Increase	4	-	3,658	-	119,547
Disposal		-	(98,658)	-	(3,224,232)
Reclassified from allowance for doubtful debts	4	-	(3,658)	-	(119,547)
Reversal of allowance for impairment loss on investment in subsidiaries		-	63,298	-	2,068,636
Translation adjustments		-	-	(36,273)	(605,767)
At 31 December		156,959	156,959	5,093,288	5,129,561

On 5 April 2018, Mermaid Drilling (Singapore) Pte. Ltd. ("MDS"), a direct subsidiary of the Company, was deregistered. As at 31 December 2017, the Company recognized gain on derecognition of assets and liabilities of MDS of US Dollar 0.6 million in other income, and return to shareholder from the liquidation of MDS of US Dollar 36.0 million which offset to other accounts payable.

On 5 February 2018, MTR - 3 (Singapore) Pte. Ltd. ("M3S") and MTR - 4 (Singapore) Pte. Ltd. ("M4S"), direct subsidiaries of the Company, were deregistered.

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

Investments in subsidiaries as at 31 December 2018 and 2017 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	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>(in thousand US Dollar)</i>									
Direct subsidiaries										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 2,130 million	153,485	153,485	-	-	153,485	153,485	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	14,074	14,074	(10,600)	(10,600)	3,474	3,474	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
MTR - 3 (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Total			167,559	167,559	(10,600)	(10,600)	156,959	156,959	-	-

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Indirect subsidiaries										
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	14,268	14,268	(11,465)	(10,263)	2,803	4,005	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	200	200	(200)	-	-	200	-	-
Mermaid Subsea Services (Malaysia) Sdn. Bhd.	MYR 350 thousand	-	90	-	-	-	90	-	-	-
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	(5,930)	(5,705)	2,404	2,629	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	164	164	(164)	(164)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	40	40	-	-	40	40	-	-
Mermaid International Ventures	USD 100	USD 100	-	-	-	-	-	-	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	7,586	7,586	-	-	7,586	7,586	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Ltd.)	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			57,778	57,688	(44,414)	(42,787)	13,364	14,901	-	-

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>(in thousand Baht)</i>									
Direct subsidiaries										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 2,130 million	4,980,558	5,016,028	-	-	4,980,558	5,016,028	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	456,698	459,951	(343,968)	(346,418)	112,730	113,533	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
MTR - 3 (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Total			5,437,256	5,475,979	(343,698)	(346,418)	5,093,288	5,129,561		

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Indirect subsidiaries										
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	462,994	466,291	(372,037)	(335,404)	90,957	130,887	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	6,490	6,536	(6,490)	-	-	6,536	-	-
Mermaid Subsea Services (Malaysia) Sdn. Bhd.	MYR 350 thousand	-	2,920	-	-	-	2,920	-	-	-
Mermaid Offshore Services Pte. Ltd.	USD 20,400 thousand	USD 20,400 thousand	661,976	666,690	(661,976)	(666,690)	-	-	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	202,973	204,419	(202,973)	(204,419)	-	-	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	270,437	272,363	(192,427)	(186,445)	78,010	85,918	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	5,322	5,360	(5,322)	(5,360)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	1,298	1,307	-	-	1,298	1,307	-	-
Mermaid International Ventures	USD 100	USD 100	3	3	-	-	3	3	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	246,164	247,917	-	-	246,164	247,917	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Ltd.)	SAR 500 thousand	SAR 500 thousand	12,526	12,615	-	-	12,526	12,615	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	1,785	1,797	-	-	1,785	1,797	-	-
Total			1,874,888	1,885,298	(1,441,225)	(1,398,318)	433,663	486,980	-	-

12 Investment properties

Consolidated financial statements				
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Cost				
At 1 January	1,519	1,519	49,642	54,427
Translation adjustments	-	-	(351)	(4,785)
At 31 December	1,519	1,519	49,291	49,642
Depreciation				
At 1 January	(978)	(900)	(31,962)	(32,248)
Depreciation charge for the year	47	(78)	1,600	(2,648)
Translation adjustments	-	-	151	2,934
At 31 December	(931)	(978)	(30,211)	(31,962)
Net book value				
At 1 January	541	619	17,680	22,179
At 31 December	588	541	19,080	17,680
Separate financial statements				
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Cost				
At 1 January	5,388	5,388	176,085	193,056
Translation adjustments	-	-	(1,245)	(16,971)
At 31 December	5,388	5,388	174,840	176,085
Depreciation				
At 1 January	(3,474)	(3,191)	(113,534)	(114,336)
Depreciation charge for the year	99	(283)	3,446	(9,603)
Translation adjustments	-	-	569	10,405
At 31 December	(3,375)	(3,474)	(109,519)	(113,534)
Net book value				
At 1 January	1,914	2,197	62,551	78,720
At 31 December	2,013	1,914	65,321	62,551

Fair value of investment properties were appraised based on valuation report by an independent professional valuer, at open market values on an existing use basis. The appraised value of investment properties was US Dollar 2.1 million or equivalent to Baht 68.7 million (2017: US Dollar 1.7 million or equivalent to Baht 54.8 million) and US Dollar 5.9 million or equivalent to Baht 190.2 million (2017: US Dollar 4.0 million or equivalent to Baht 132.1 million) in the consolidated and separate financial statements, respectively.

Measurement of fair value

Fair value hierarchy

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

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

Valuation technique

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

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

13 Property, plant and equipment

Consolidated financial statements												
		Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
<i>Cost</i>												
At 1 January 2017		590	3,240	2,252	114,568	3,239	1,710	336,068	42,604	2,869	1,641	508,781
Additions		-	-	-	522	251	248	-	7	4	2,974	4,006
Transfers		-	-	-	1,361	2	-	-	-	-	(1,363)	-
Disposals		-	-	-	(121)	(13)	(39)	-	-	-	-	(173)
Write off		-	-	(23)	(3)	-	-	-	-	-	(31)	(57)
At 31 December 2017												
and 1 January 2018		590	3,240	2,229	116,327	3,479	1,919	336,068	42,611	2,873	3,221	512,557
Additions		-	-	-	863	328	2	2	4,846	220	565	6,826
Transfers		-	-	-	783	-	-	-	1,076	-	(1,859)	-
Disposals		-	-	-	(30,541)	(10)	(134)	(39,159)	(15,706)	-	-	(85,550)
Write off		-	-	(238)	(381)	(106)	(7)	-	(5,516)	-	-	(6,248)
At 31 December 2018		590	3,240	1,991	87,051	3,691	1,780	296,911	27,311	3,093	1,927	427,585

Consolidated financial statements

	Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles (in thousand US Dollar)	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
Depreciation											
At 1 January 2017	-	(2,246)	(1,118)	(62,043)	(2,771)	(985)	(129,017)	(25,355)	(848)	-	(224,383)
Depreciation charge for the year	-	(195)	(287)	(5,858)	(291)	(218)	(8,448)	(3,641)	(324)	-	(19,262)
Disposals	-	-	-	117	7	39	-	-	-	-	163
Write off	-	-	3	-	-	-	-	-	-	-	3
At 31 December 2017 and 1 January 2018	-	(2,441)	(1,402)	(67,784)	(3,055)	(1,164)	(137,465)	(28,996)	(1,172)	-	(243,479)
Depreciation charge for the year	-	60	(286)	(5,354)	(268)	(213)	(7,814)	(4,191)	(182)	-	(18,248)
Disposals	-	-	-	11,860	10	113	25,710	8,901	-	-	46,594
Write off	-	-	238	381	106	7	-	5,516	-	-	6,248
At 31 December 2018	-	(2,381)	(1,450)	(60,897)	(3,207)	(1,257)	(119,569)	(18,770)	(1,354)	-	(208,885)

Consolidated financial statements

	Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs (in thousand US Dollar)	Dry- docking	Motor launches	Construction in progress	Total
Impairment losses											
At 1 January 2017	-	-	-	(24,133)	-	-	(51,913)	(8,646)	-	(1,514)	(86,206)
At 31 December 2017											
and 1 January 2018	-	-	-	(24,133)	-	-	(51,913)	(8,646)	-	(1,514)	(86,206)
Reversal of impairment losses	-	-	-	18,681	-	-	11,449	6,805	-	-	36,935
At 31 December 2018	-	-	-	(5,452)	-	-	(40,464)	(1,841)	-	(1,514)	(49,271)
Net book value											
At 1 January 2017	590	994	1,134	28,392	468	725	155,138	8,603	2,021	127	198,192
At 31 December 2017											
and 1 January 2018	590	799	827	24,410	424	755	146,690	4,969	1,701	1,707	182,872
At 31 December 2018	590	859	541	20,702	484	523	136,878	6,700	1,739	413	169,429

Consolidated financial statements

	Land	Buildings	Building improve- ment	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry- docking	Motor launches	Construction in progress	Total
Cost											
At 1 January 2017	21,140	116,091	80,691	4,105,052	116,056	61,270	12,041,552	1,526,531	102,798	58,798	18,229,979
Additions	-	-	-	17,060	8,203	8,105	-	229	131	97,193	130,921
Transfers	-	-	-	44,479	65	-	-	-	-	(44,544)	-
Disposals	-	-	-	(3,954)	(425)	(1,275)	-	-	-	-	(5,654)
Write off	-	-	(752)	(98)	-	-	-	-	-	(1,013)	(1,863)
Translation adjustments	(1,858)	(10,205)	(7,093)	(360,868)	(10,202)	(5,385)	(1,058,547)	(134,194)	(9,037)	(5,169)	(1,602,558)
At 31 December 2017	19,282	105,886	72,846	3,801,671	113,697	62,715	10,983,005	1,392,566	93,892	105,265	16,750,825
At 1 January 2018	-	-	-	28,005	10,644	65	65	157,252	7,139	18,334	221,504
Additions	-	-	-	25,408	-	-	-	34,916	-	(60,324)	-
Transfers	-	-	-	(991,049)	(324)	(4,348)	(1,270,702)	(509,657)	-	-	(2,776,080)
Disposals	-	-	(7,723)	(12,363)	(3,440)	(227)	-	(178,993)	-	-	(202,746)
Write off	-	-	(515)	(26,884)	(805)	(444)	(77,665)	(9,848)	(664)	(744)	(118,455)
Translation adjustments	(137)	(749)	(515)	(26,884)	(805)	(444)	(77,665)	(9,848)	(664)	(744)	(118,455)
At 31 December 2018	19,145	105,137	64,608	2,824,788	119,772	57,761	9,634,703	886,236	100,367	62,531	13,875,048

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	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
Depreciation											
At 1 January 2017	-	(80,476)	(40,059)	(2,223,044)	(99,288)	(35,293)	(4,622,769)	(908,487)	(30,384)	-	(8,039,800)
Depreciation charge for the year	-	(6,615)	(9,741)	(198,812)	(9,880)	(7,394)	(287,181)	(123,844)	(10,995)	-	(654,462)
Disposals	-	-	-	3,824	229	1,275	-	-	-	-	5,328
Write off	-	-	98	-	-	-	-	-	-	-	98
Translation adjustments	-	7,317	3,883	202,790	9,099	3,371	417,470	84,716	3,077	-	731,723
At 31 December 2017	-	(79,774)	(45,819)	(2,215,242)	(99,840)	(38,041)	(4,492,480)	(947,615)	(38,302)	-	(7,957,113)
Depreciation charge for the year	-	2,103	(9,256)	(173,068)	(8,691)	(6,908)	(252,525)	(135,903)	(5,877)	-	(590,125)
Disposals	-	-	-	384,855	324	3,667	834,284	288,836	-	-	1,511,966
Write off	-	-	7,723	12,363	3,440	227	-	178,993	-	-	202,746
Translation adjustments	-	408	300	14,997	700	266	30,731	6,606	242	-	54,250
At 31 December 2018	-	(77,263)	(47,052)	(1,976,095)	(104,067)	(40,789)	(3,879,990)	(609,083)	(43,937)	-	(6,778,276)

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 2017	-	-	-	(864,702)	-	-	(1,860,079)	(309,792)	-	(54,249)	(3,088,822)
Translation adjustments	-	-	-	76,014	-	-	163,515	27,233	-	4,770	271,532
At 31 December 2017											
and 1 January 2018	-	-	-	(788,688)	-	-	(1,696,564)	(282,559)	-	(49,479)	(2,817,290)
Reversal of impairment losses	-	-	-	(19,778)	-	-	(12,772)	(7,190)	-	-	(39,740)
Translation adjustments	-	-	-	631,549	-	-	396,287	230,009	-	350	1,258,195
At 31 December 2018											
	-	-	-	(176,917)	-	-	(1,313,049)	(59,740)	-	(49,129)	(1,598,835)
Net book value											
At 1 January 2017	21,140	35,615	40,632	1,017,306	16,768	25,977	5,558,704	308,252	72,414	4,549	7,101,357
At 31 December 2017	19,282	26,112	27,027	797,741	13,857	24,674	4,793,961	162,392	55,590	55,786	5,976,422
and 1 January 2018	19,145	27,874	17,556	671,776	15,705	16,972	4,441,664	217,413	56,430	13,402	5,497,937
At 31 December 2018											

Security

As at 31 December 2018, the Group's property, plant and equipment with a net book value of US Dollar 121.6 million (2017: US Dollar 126.8 million) were registered to secure short-term and long-term facilities with financial institutions.

Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand US Dollar)	Office equipment	Motor vehicles	Total
Cost							
At 1 January 2017	-	120	447	73	1,724	39	2,403
Additions	-	-	-	4	119	-	123
At 31 December 2017 and 1 January 2018	-	120	447	77	1,843	39	2,526
Additions	-	-	-	-	14	-	14
At 31 December 2018	-	120	447	77	1,857	39	2,540
Depreciation							
At 1 January 2017	-	(69)	(443)	(56)	(1,654)	(39)	(2,261)
Depreciation charge for the year	-	(6)	-	(12)	(43)	-	(61)
At 31 December 2017 and 1 January 2018	-	(75)	(443)	(68)	(1,697)	(39)	(2,322)
Depreciation charge for the year	-	(6)	-	(5)	(61)	-	(72)
At 31 December 2018	-	(81)	(443)	(73)	(1,758)	(39)	(2,394)
Net book value							
At 1 January 2017	-	51	4	17	70	-	142
At 31 December 2017 and 1 January 2018	-	45	4	9	146	-	204
At 31 December 2018	-	39	4	4	99	-	146

Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand Baht)	Office equipment	Motor vehicles	Total
Cost							
At 1 January 2017	-	4,300	16,016	2,616	61,772	1,397	86,101
Additions	-	-	-	131	3,889	-	4,020
Translation adjustments	-	(378)	(1,408)	(231)	(5,430)	(122)	(7,569)
At 31 December 2017 and 1 January 2018	-	3,922	14,608	2,516	60,231	1,275	82,552
Additions	-	-	-	-	454	-	454
Translation adjustments	-	(28)	(103)	(17)	(426)	(9)	(583)
At 31 December 2018	-	3,894	14,505	2,499	60,259	1,266	82,423
Depreciation							
At 1 January 2017	-	(2,472)	(15,873)	(2,007)	(59,264)	(1,397)	(81,013)
Depreciation charge for the year	-	(204)	-	(407)	(1,451)	-	(2,062)
Translation adjustments	-	225	1,395	192	5,256	122	7,190
At 31 December 2017 and 1 January 2018	-	(2,451)	(14,478)	(2,222)	(55,459)	(1,275)	(75,885)
Depreciation charge for the year	-	(195)	-	(161)	(1,970)	-	(2,326)
Translation adjustments	-	18	103	14	382	9	526
At 31 December 2018	-	(2,628)	(14,375)	(2,369)	(57,047)	(1,266)	(77,685)
Net book value							
At 1 January 2017	-	1,828	143	609	2,508	-	5,088
At 31 December 2017 and 1 January 2018	-	1,471	130	294	4,772	-	6,667
At 31 December 2018	-	1,266	130	130	3,212	-	4,738

14 Goodwill

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017 (in thousand Baht)
Cost				
At 1 January	10,136	10,136	331,254	363,180
Translation adjustments	-	-	(2,343)	(31,926)
At 31 December	10,136	10,136	328,911	331,254
Impairment loss				
At 1 January	(8,070)	(8,070)	(263,735)	(289,154)
Translation adjustments	-	-	1,865	25,419
At 31 December	(8,070)	(8,070)	(261,870)	(263,735)
Net book value				
At 1 January	2,066	2,066	67,519	74,026
At 31 December	2,066	2,066	67,041	67,519

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

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

Seascope CGU

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017 (in thousand Baht)
Cost				
At 1 January	8,070	8,070	263,735	289,154
Translation adjustments	-	-	(1,865)	(25,419)
At 31 December	8,070	8,070	261,870	263,735
Impairment loss				
At 1 January	(8,070)	(8,070)	(263,735)	(289,154)
Translation adjustments	-	-	1,865	25,419
At 31 December	(8,070)	(8,070)	(261,870)	(263,735)
Net book value				
At 1 January	-	-	-	-
At 31 December	-	-	-	-

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

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

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Cost				
At 1 January	2,066	2,066	67,519	74,026
Translation adjustments	-	-	(478)	(6,507)
At 31 December	2,066	2,066	67,041	67,519
Impairment loss				
At 1 January	-	-	-	-
Translation adjustments	-	-	-	-
At 31 December	-	-	-	-
Net book value				
At 1 January	2,066	2,066	67,519	74,026
At 31 December	2,066	2,066	67,041	67,519

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 2018 and 2017. The cash flows were projected over a period of 5 years before a terminal growth rate was applied there after. The key assumptions used in the estimation of MSSI CGU's value in use were as follows:

	Consolidated financial statements	
	2018	2017
	(%)	
Discount rate	10.75	10.75
Terminal value growth rate	0	0

15 Intangible assets

	Consolidated financial statements	
	Computer software	
	(in thousand US Dollar)	(in thousand Baht)
Cost		
At 1 January 2017	2,401	86,030
Additions	26	849
Translation adjustments	-	(7,562)
At 31 December 2017 and 1 January 2018	2,427	79,317
Additions	104	3,375
Disposals	(61)	(1,979)
Write off	(767)	(24,889)
Translation adjustments	-	(562)
At 31 December 2018	1,703	55,262

Consolidated financial statements		
	Computer software	
	(in thousand US Dollar)	(in thousand Baht)
Amortisation		
At 1 January 2017	(2,172)	(77,825)
Amortisation for the year	(133)	(4,518)
Translation adjustments	-	7,013
At 31 December 2017 and 1 January 2018	(2,305)	(75,330)
Amortisation for the year	(99)	(3,196)
Disposals	60	1,947
Write off	755	24,500
Translation adjustments	-	516
At 31 December 2018	(1,589)	(51,563)
Net book value		
At 1 January 2017	229	8,205
At 31 December 2017 and 1 January 2018	122	3,987
At 31 December 2018	114	3,699
Separate financial statements		
	Computer software	
	(in thousand US Dollar)	(in thousand Baht)
Cost		
At 1 January 2017	478	17,127
Translation adjustments	-	(1,506)
At 31 December 2017 and 1 January 2018	478	15,621
Translation adjustments	-	(110)
At 31 December 2018	478	15,511
Amortisation		
At 1 January 2017	(407)	(14,583)
Amortisation for the year	(29)	(986)
Translation adjustments	-	1,321
At 31 December 2017 and 1 January 2018	(436)	(14,248)
Amortisation for the year	(21)	(676)
Translation adjustments	-	94
At 31 December 2018	(457)	(14,830)
Net book value		
At 1 January 2017	71	2,544
At 31 December 2017 and 1 January 2018	42	1,373
At 31 December 2018	21	681

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

16 Deferred tax

Deferred tax assets as at 31 December were as follows:

Consolidated financial statements				
	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>			
Total	2,281	2,470	-	-
Net deferred tax assets	2,281	2,470	-	-

Consolidated financial statements				
	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	74,018	80,722	-	-
Net deferred tax assets	74,018	80,722	-	-

Separate financial statements				
	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>			
Total	21	17	-	-
Net deferred tax assets	21	17	-	-

Separate financial statements				
	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	681	556	-	-
Net deferred tax assets	681	556	-	-

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

Consolidated financial statements				
	(Charged) / Credited to :			
	At 1 January 2018	Profit or loss (note 27)	Other comprehensive income	At 31 December 2018
	<i>(in thousand US Dollar)</i>			
Deferred tax assets				
Property, plant and equipment	307	(134)	-	173
Provisions	345	-	-	345
Retirement benefits obligation	324	(55)	-	269
Loss carry forward	1,494	-	-	1,494
Total	2,470	(189)	-	2,281

Consolidated financial statements

(Charged) / Credited to :				
At 1 January 2018	Profit or loss	Other comprehensive income (note 27)	Translation adjustments	At 31 December 2018
(in thousand Baht)				
Deferred tax assets				
Property, plant and equipment	10,033	(4,416)	-	5,614
Provisions	11,275	-	-	11,195
Retirement benefits obligation	10,589	(1,805)	-	8,729
Loss carry forward	48,825	-	-	48,480
Total	80,722	(6,221)	(483)	74,018

Consolidated financial statements

(Charged) / Credited to :				
At 1 January 2017	Profit or loss	Other comprehensive income (note 27)		At 31 December 2017
(in thousand US Dollar)				
Deferred tax assets				
Property, plant and equipment	179	128	-	307
Provisions	506	(161)	-	345
Retirement benefits obligation	269	14	41	324
Loss carry forward	1,494	-	-	1,494
Total	2,448	(19)	41	2,470

Consolidated financial statements

(Charged) / Credited to :				
At 1 January 2017	Profit or loss	Other comprehensive income (note 27)	Translation adjustments	At 31 December 2017
(in thousand Baht)				
Deferred tax assets				
Property, plant and equipment	6,414	4,352	-	10,033
Provisions	18,130	(5,305)	-	11,275
Retirement benefits obligation	9,639	568	1,340	10,589
Loss carry forward	53,531	-	-	48,825
Total	87,714	(385)	1,340	80,722

Separate financial statements

(Charged) / Credited to :				
At 1 January 2018	Profit or loss	Other comprehensive income (note 27)		At 31 December 2018
(in thousand US Dollar)				
Deferred tax assets				
Retirement benefits obligation	17	4	-	21
Total	17	4	-	21

Separate financial statements				
(Charged) / Credited to :				
At 1 January 2018	Profit or loss	Other comprehensive income (note 27) (in thousand Baht)	Translation adjustments	At 31 December 2018
Deferred tax assets				
Retirement benefits obligation	556	131	-	681
Total	556	131	(6)	681

Separate financial statements				
(Charged) / Credited to :				
At 1 January 2017	Profit or loss	Other comprehensive income (note 27) (in thousand US Dollar)	Translation adjustments	At 31 December 2017
Deferred tax assets				
Retirement benefits obligation	11	6	-	17
Total	11	6	-	17

Separate financial statements				
(Charged) / Credited to :				
At 1 January 2017	Profit or loss	Other comprehensive income (note 27) (in thousand Baht)	Translation adjustments	At 31 December 2017
Deferred tax assets				
Retirement benefits obligation	394	198	-	556
Total	394	198	(36)	556

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

Consolidated financial statements			
	2018 (in thousand US Dollar)	2017 (in thousand Baht)	
Tax losses	13,644	11,435	447,686
Impairment losses on property, plant and equipment and related supplies and spare parts	9,434	17,240	309,547
Impairment losses on goodwill	1,614	1,614	52,958
Bad and doubtful debts	9	9	295
Total	24,701	30,298	810,486

Separate financial statements			
	2018 (in thousand US Dollar)	2017 (in thousand Baht)	
Impairment losses on investments in subsidiaries	2,120	2,120	69,561
Tax losses	1,565	972	51,351
Bad and doubtful debts	258	272	8,465
Total	3,943	3,364	129,377

As at 31 December 2018, 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)
2019	1,027	33,698
2020	8,843	290,156
2021	3,712	121,798
2022	11,789	386,820
2023	42,847	1,405,892
	68,218	2,238,364

17 Interest-bearing liabilities

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Current				
Current portion of long-term borrowings from financial institutions				
Secured	15,890	11,890	515,627	388,576
Current portion of long-term borrowings from financial institutions	15,890	11,890	515,627	388,576
Current portion of finance lease liabilities	47	47	1,525	1,536
Total current interest-bearing liabilities	15,937	11,937	517,152	390,112
Non-current				
Long-term borrowings from financial institutions				
Secured	51,835	67,725	1,682,035	2,213,314
Long-term borrowings from financial institutions	51,835	67,725	1,682,035	2,213,314
Finance lease liabilities	40	92	1,298	3,007
Total non-current interest-bearing liabilities	51,875	67,817	1,683,333	2,216,321

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

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Within one year	15,890	11,890	515,627	388,576
After one year but within five years	51,835	67,725	1,682,035	2,213,314
Total	67,725	79,615	2,197,662	2,601,890

The Group's long-term borrowings from financial institutions bear effective interest rates of 5.56% per annum (2017: 4.44% per annum).

As at 31 December 2018, the Group and the Company had unutilised credit facilities totalling US Dollar 4.8 million or equivalent to Baht 155 million and US Dollar 0.3 million or equivalent to Baht 10 million, respectively (2017: US Dollar 3.5 million or equivalent to Baht 115.0 million and US Dollar 0.3 million or equivalent to Baht 10.0 million, respectively).

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

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
At 1 January	79,615	89,505	2,601,890	3,207,027
Repayments during year	(12,000)	(10,000)	(389,398)	(326,809)
Amortisation to profit and loss (front end fee)	110	110	3,554	3,734
Translation adjustments	-	-	(18,384)	(282,062)
At 31 December	67,725	79,615	2,197,662	2,601,890

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

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
Currencies:				
US Dollar	67,725	79,615	2,197,662	2,601,890
Total	67,725	79,615	2,197,662	2,601,890

Long-term borrowings for the purchase of support vessels were granted by commercial banks and were denominated in US Dollar, having a total outstanding balance of US Dollar 68.0 million as at 31 December 2018 (2017: US Dollar 80.0 million) with repayment terms within 8 to 10 years. These borrowings bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of support vessels as mentioned in Note 13 and are guaranteed by the Company.

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

Finance lease liabilities

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

Consolidated financial statements					
	2018			2017	
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand US Dollar)	Future minimum lease payments	Present value of minimum lease payments
Within one year	54	(7)	47	55	47
After one year but within five years	48	(8)	40	107	92
Total	102	(15)	87	162	139

Consolidated financial statements					
	2018			2017	
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Present value of minimum lease payments
Within one year	1,752	(227)	1,525	1,797	1,536
After one year but within five years	1,558	(260)	1,298	3,497	3,007
Total	3,310	(487)	2,823	5,294	4,543

Measurement of fair value

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

The fair value measurement for loans from financial institutions as at 31 December 2018 of US Dollar 70.08 million or equivalent to Baht 2,285.61 million (2017: US Dollar 73.26 million or equivalent to Baht 2,394.06 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.

18 Other accounts payable

Consolidated financial statements				
Note	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Related parties	4	6	6	195
Other parties				
- Accrued project cost		10,289	9,887	333,876
- Accrued salary		2,242	2,310	72,752
- Accrued consulting fee		1,560	1,686	50,622
- Withholding tax payables		1,183	2,306	38,388
- Non-trade accounts payable		752	1,594	24,402
- Others		2,960	4,290	96,052
Total		18,992	22,079	616,287

Separate financial statements				
Note	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Related parties	4	18	7	584
Other parties				
- Accrued bonus		151	123	4,900
- Accrued consulting fee		105	-	3,407
- Others		471	456	15,284
Total		745	586	24,175

19 Provisions for employee benefits

Consolidated financial statements				
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Statement of financial position obligations for:				
Post-employment benefits				
Retirement benefit	2,504	2,244	81,254	73,336
Total	2,504	2,244	81,254	73,336
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Retirement benefit	448	339	14,554	11,762
Total	448	339	14,554	11,762
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	(164)	-	(5,393)
Translation adjustment	-	-	(54)	(1,214)
Cumulative actuarial gain recognised	232	232	7,528	7,582

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Statement of financial position obligations for:				
Post-employment benefits				
Retirement benefit	105	87	3,407	2,843
Total	105	87	3,407	2,843
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Retirement benefit	18	14	582	474
Total	18	14	582	474
Recognised in other comprehensive income:				
Translation adjustment	-	-	(31)	(78)
Cumulative actuarial gain recognised	132	132	4,283	4,314

Thailand legal severance plan

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

Retirement benefit

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Present value of unfunded obligations	2,736	2,476	88,782	80,918
Actuarial gains	(232)	(232)	(7,528)	(7,582)
Statement of financial position obligation	2,504	2,244	81,254	73,336

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Present value of unfunded obligations	237	219	7,690	7,157
Actuarial gains	(132)	(132)	(4,283)	(4,314)
Statement of financial position obligation	105	87	3,407	2,843

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017 (in thousand Baht)
Defined benefit obligations at 1 January	2,244	2,687	73,336	96,277
Include in profit or loss:				
Current service costs	384	671	12,458	22,838
Interest on obligation	64	106	2,096	3,543
Past service costs	-	79	-	2,582
Curtailment gain	-	(517)	-	(17,201)
	448	339	14,554	11,762
Include in other comprehensive income:				
Actuarial losses	-	164	-	5,393
Others:				
Benefits paid	(188)	(946)	(6,040)	(32,086)
Translation adjustments	-	-	(596)	(8,010)
	(188)	(782)	(6,636)	(34,703)
Defined benefit obligations at 31 December	2,504	2,244	81,254	73,336
Separate financial statements				
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017 (in thousand Baht)
Defined benefit obligations at 1 January	87	73	2,843	2,616
Include in profit or loss:				
Current service costs	15	12	484	407
Interest on obligation	3	2	98	67
	18	14	582	474
Others:				
Translation adjustments	-	-	(18)	(247)
	-	-	(18)	(247)
Defined benefit obligations at 31 December	105	87	3,407	2,843

On 13 December 2018, the National Legislative Assembly of Thailand passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the consolidated and the separate financial statements are estimated to be immaterial.

	Consolidated financial statements			
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Financial assumptions	-	(84)	-	(2,762)
Experience adjustment	-	(80)	-	(2,631)
Total	-	(164)	-	(5,393)

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
				%
Discount rate	3.31 – 7.70	3.31 – 7.70	3.31	3.31
Future salary increases	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00
Mortality rate	0.02 – 3.00	0.02 – 3.00	0.02 – 3.00	0.02 – 3.00
Resignation rate	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00

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			
	2018	2017	2018	2017
Defined benefit obligation				
31 December	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Discount rate (1% movement)				
- Increase	(105)	(106)	(3,407)	(3,464)
- Decrease	125	127	4,056	4,150
Future salary increase (1% movement)				
- Increase	134	132	4,348	4,314
- Decrease	(114)	(113)	(3,699)	(3,693)
Turnover rate (20% movement)				
- Increase	(55)	(46)	(1,785)	(1,503)
- Decrease	75	62	2,434	2,026
Mortality improvement rate (1% movement)				
- Increase	2	2	65	65
- Decrease	(3)	(2)	(97)	(65)

	Separate financial statements			
	2018	2017	2018	2017
Defined benefit obligation				
31 December	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Discount rate (1% movement)				
- Increase	(11)	(10)	(357)	(327)
- Decrease	14	12	454	392
Future salary increase (1% movement)				
- Increase	15	12	487	392
- Decrease	(13)	(10)	(422)	(327)
Turnover rate (20% movement)				
- Increase	(20)	(16)	(649)	(523)
- Decrease	28	23	909	752
Mortality improvement rate (1% movement)				
- Increase	1	1	32	33
- Decrease	(1)	(1)	(32)	(33)

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.

20 Share capital

	Par value per share <i>(in Baht)</i>	Consolidated and Separate financial statements	
		2018	2017
Authorised		<i>(in thousand Baht/thousand shares)</i>	
At 1 January			
- ordinary shares	1	1,416,701	1,416,701
At 31 December			
- ordinary shares	1	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

Share premium

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

21 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Difference arising from common control transactions

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

Other components of equity

Currency translation differences

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

Movements in reserves

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

22 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 2018 and 2017 were as follows:

Consolidated financial statements for the year ended 31 December 2018				
Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination
94,771	-	-	94,771	(11)
Revenues from rendering of services				94,760
Operating profit (loss)	1,463	(2,543)	(30,337)	(252)
Share of profit of associates and joint venture	73	7,989	8,062	-
Finance costs	(4,082)	-	(4,082)	185
Tax (expense) income	(876)	4	(874)	-
Profit (loss) for the year	1,461	5,450	(27,231)	(67)
				(27,298)
Consolidated financial statements as at 31 December 2018				
Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination
30,666	3,712	2,106	36,484	-
18,036	-	-	18,036	-
36,616	-	-	36,616	(692)
2,120	-	119,423	121,543	-
167,852	5	1,572	169,429	-
255,290	3,717	123,101	382,108	(692)
Cash and cash equivalents				381,416
Current investments				28,175
Trade accounts receivable				409,591
Investments in associates and joint venture				
Property, plant and equipment				
Unallocated assets				
Total assets				

	Consolidated financial statements as at 31 December 2018				
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination
Interest-bearing liabilities	67,812	-	-	67,812	-
Unallocated liabilities	67,812	-	-	67,812	-
Total liabilities					
					67,812
					26,891
					94,703
Capital expenditure	6,915	-	15	6,930	-
Depreciation	18,223	6	(28)	18,201	-
Amortisation	76	1	22	99	-
Gain on disposal property, plant and equipment	431	(1)	-	430	(189)
Reversal of impairment losses on assets	-	1,800	-	1,800	-
					1,800

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

	Consolidated financial statements as at 31 December 2017				
	Subsea group	Drilling group	Holding (in thousand US Dollar)	Total	Elimination
Interest-bearing liabilities	79,754	-	-	79,754	-
Unallocated liabilities	79,754	-	-	79,754	-
Total liabilities					
Capital expenditure	3,909	-	123	4,032	-
Depreciation	18,988	8	344	19,340	-
Amortisation	1,799	1	28	1,828	-
Gain on disposal property, plant and equipment	7	-	-	7	-
					7
					4,032
					19,340
					1,828
					7
					79,754
					29,190
					108,944

	Consolidated financial statements for the year ended 31 December 2018			
	Subsea group	Drilling group	Holding (in thousand Baht)	Total
Revenues from rendering of services	3,072,217	-	-	3,072,217
Operating profit (loss)	(943,590)	46,146	(81,645)	(979,089)
Share of profit of associates and joint venture	2,365	-	258,114	260,479
Finance costs	(131,984)	-	-	(131,984)
Tax (expense) income	(28,520)	(64)	131	(28,453)
Profit (loss) for the year	(1,101,729)	46,082	176,600	(879,047)
				(881,254)
	Consolidated financial statements as at 31 December 2018			
	Subsea group	Drilling group	Holding (in thousand Baht)	Total
Cash and cash equivalents	995,106	120,454	68,339	1,183,899
Current investments	585,265	-	-	585,265
Trade accounts receivable	1,188,182	-	-	1,188,182
Investments in associates and joint venture	68,794	-	3,875,252	3,944,046
Property, plant and equipment	5,446,764	162	51,011	5,497,937
Unallocated assets	8,284,111	120,616	3,994,602	12,399,329
Total assets				12,376,874
				914,273
				13,291,147
	Consolidated financial statements for the year ended 31 December 2018			
	Subsea group	Drilling group	Holding (in thousand Baht)	Total
Revenues from rendering of services	3,072,217	-	-	3,072,217
Operating profit (loss)	(943,590)	46,146	(81,645)	(979,089)
Share of profit of associates and joint venture	2,365	-	258,114	260,479
Finance costs	(131,984)	-	-	(131,984)
Tax (expense) income	(28,520)	(64)	131	(28,453)
Profit (loss) for the year	(1,101,729)	46,082	176,600	(879,047)
				(881,254)
	Consolidated financial statements as at 31 December 2018			
	Subsea group	Drilling group	Holding (in thousand Baht)	Total
Cash and cash equivalents	995,106	120,454	68,339	1,183,899
Current investments	585,265	-	-	585,265
Trade accounts receivable	1,188,182	-	-	1,188,182
Investments in associates and joint venture	68,794	-	3,875,252	3,944,046
Property, plant and equipment	5,446,764	162	51,011	5,497,937
Unallocated assets	8,284,111	120,616	3,994,602	12,399,329
Total assets				12,376,874
				914,273
				13,291,147

	Consolidated financial statements as at 31 December 2018			
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total <i>(in thousand Baht)</i>
Interest-bearing liabilities	2,200,485	-	-	2,200,485
Unallocated liabilities	2,200,485	-	-	2,200,485
Total liabilities				872,607
				3,073,092
Capital expenditure	224,391	-	487	224,878
Depreciation	589,483	194	(1,152)	588,525
Amortisation	2,455	32	709	3,196
Gain on disposal property, plant and equipment	13,661	(32)	-	13,629
Reversal of impairment losses on assets	-	56,774	-	56,774
				(6,032)
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				56,774
				-
				224,878
				588,525
				3,196
				(6,032)

Consolidated financial statements for the year ended 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination
Revenues from rendering of services	4,918,910	-	-	4,918,910	-
Operating profit (loss)	(32,377)	(13,014)	207,160	161,769	(52,155)
Share of profit of associates and joint venture	2,787	-	155,084	157,871	-
Finance costs	(121,755)	-	-	(121,755)	198
Tax (expense) income	(2,016)	-	198	(1,818)	-
Profit (loss) for the year	(153,361)	(13,014)	362,442	196,067	(51,957)
					144,110
Consolidated financial statements as at 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination
Cash and cash equivalents	1,365,832	37,387	841,697	2,244,916	-
Trade accounts receivable	2,031,020	-	-	2,031,020	-
Investments in associates and joint venture	66,898	-	2,906,214	2,973,112	-
Property, plant and equipment	5,859,163	65,721	51,538	5,976,422	-
Unallocated assets	9,322,913	103,108	3,799,449	13,225,470	-
Total assets					13,225,470
					1,517,800
					14,743,270

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Geographical information

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

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

	Revenue from services			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Saudi Arabia	66,420	77,466	2,149,027	2,623,209
Qatar	8,975	10,736	293,977	372,308
Thailand	8,657	14,097	280,149	480,826
Indonesia	7,927	25,920	260,100	891,738
Malaysia	2,781	10,475	88,605	352,441
Other countries	-	5,967	-	198,388
Total	94,760	144,661	3,071,858	4,918,910

	Assets			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Thailand	221,278	256,378	7,180,427	8,378,664
Cayman	97,053	88,983	3,149,350	2,908,045
Saudi Arabia	61,809	67,878	2,005,690	2,218,314
Qatar	15,149	15,338	491,582	501,260
Indonesia	8,001	12,458	259,631	407,139
United Arab Emirates	4,619	592	149,886	19,347
Singapore	1,374	9,167	44,586	299,586
Other countries	308	334	9,995	10,915
Total	409,591	451,128	13,291,147	14,743,270

Major customer

Revenues from the major customer of the Group's Segments Subsea represents approximately US Dollar 59.4 million (2017: US Dollar 69.8 million) of the Group's total revenues.

23 Cost of rendering of services

	Consolidated financial statements			
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Crew, staff and subcontractor costs	44,137	48,914	1,428,875	1,663,605
Vessel expenses and repair and maintenance expenses	31,715	41,702	1,027,039	1,418,198
Depreciation	17,537	18,258	567,246	620,392
Mobilisation/demobilisation expense	4,013	3,211	129,951	108,724
Recharge expenses related to services provided	3,571	6,056	114,849	206,148
Charter hire and equipment rental	2,759	1,685	89,612	58,459
Amortisation	36	1,770	1,154	60,407
Total	103,768	121,596	3,358,726	4,135,933

24 Administrative expenses

	Consolidated financial statements			
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Employee benefit expense	12,025	15,907	389,280	539,940
Professional fees	3,649	585	118,706	19,510
Withholding tax not recoverable	1,422	1,581	46,073	54,570
Bad and doubtful debts expenses	2,253	-	73,901	-
Travelling expenses	1,107	925	35,859	31,386
Office and office equipment rental	959	930	31,121	31,566
Depreciation	664	1,082	21,279	36,718
Insurance and port expenses	381	669	12,114	22,042
Bank charge	257	258	8,338	8,765
Amortisation	63	58	2,042	1,974
Others	2,202	1,293	69,939	44,349
Total	24,982	23,288	808,652	790,820

	Separate financial statements			
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Employee benefit expense	2,565	2,286	82,783	77,394
Professional fees	586	121	18,960	3,831
Travelling expenses	259	104	8,345	3,537
Office and office equipment rental	51	90	1,620	3,055
Amortisation	21	29	676	986
Others	611	766	19,554	26,196
Total	4,093	3,396	131,938	114,999

25 Employee benefit expense

Consolidated financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Crew expenses and subcontractor	44,137	48,914	1,428,875
Wages and salaries	8,621	12,322	278,873
Staff welfare	2,023	1,857	65,540
Contribution to defined contribution plans and social security and expenses related to define benefit plans	975	730	31,611
Bonus	10	609	484
Others	396	389	12,772
Total	56,162	64,821	1,818,155

Separate financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Wages and salaries	1,757	1,626	56,699
Staff welfare	328	249	10,599
Bonus	178	100	5,730
Contribution to defined contribution plans and social security and expenses related to define benefit plans	145	125	4,680
Others	157	186	5,075
Total	2,565	2,286	82,783

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.

26 Finance costs

Consolidated financial statements			
	2018	2017	
	(in thousand US Dollar)		(in thousand Baht)
Interest expenses:			
Bank loans	3,779	3,467	122,139
Total interest expense	3,779	3,467	122,139
Amortisation of front-end fees	110	110	3,554
Interest expense from finance lease	8	6	262
Total	3,897	3,583	125,955

27 Income tax expense

Income tax recognized in profit or loss

Consolidated financial statements				
Note	2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
Current tax expense				
Adjustment for prior year	552	-	18,111	-
Current taxes	133	37	4,121	1,433
	685	37	22,232	1,433
Deferred tax expense (benefit)				
Deferred taxes	16 189	19	6,221	385
Total	874	56	28,453	1,818

Separate financial statements				
Note	2018 (in thousand US Dollar)	2017 (in thousand US Dollar)	2018 (in thousand Baht)	2017 (in thousand Baht)
Deferred tax expense (benefit)				
Deferred taxes	16 (4)	(6)	(131)	(198)
Total	(4)	(6)	(131)	(198)

Income tax recognized in other comprehensive income

	Consolidated financial statements					
	Before tax <i>(Note 19)</i>	2018 Tax (expense) benefit	Net of tax <i>(in thousand US Dollar)</i>	Before tax <i>(Note 19)</i>	2017 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	(164)	41	(123)
Total	-	-	-	(164)	41	(123)

	Consolidated financial statements					
	Before tax (Note 19)	2018 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax (Note 19)	2017 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	(5,393)	1,340	(4,053)
Total	-	-	-	(5,393)	1,340	(4,053)

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			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Profit (loss) before income tax – accounting	(26,424)	4,260	(852,801)	145,928
Tax at the domestic rate of 20%	(5,285)	852	(170,560)	29,186
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	1,307	4,388	42,230	148,920
Income not subject to tax and additional taxable expenses	(1,647)	(3,503)	(53,216)	(118,885)
Expenses not deductible for tax purposes	1,604	130	51,563	4,059
Utilisation of previously unrecognised tax losses	(122)	(1,764)	(3,942)	(59,867)
Tax losses and temporary differences for which no deferred income tax were recognised	4,634	1,987	149,728	67,435
Adjustments in respect of prior year	552	-	18,111	-
Remeasurement of gain on exchange rate of US Dollar financial statement	(215)	(1,943)	(6,947)	(65,942)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	46	(91)	1,486	(3,088)
Total income tax expense	874	56	28,453	1,818
The average effective tax rate	3%	1%	3%	1%

	Separate financial statements			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Profit (loss) before income tax – accounting	(1,019)	15,263	(32,118)	520,827
Tax at the domestic rate of 20%	(204)	3,053	(6,424)	104,165
Adjustments:				
Expenses not deductible for tax purposes	(56)	(1)	(1,979)	(580)
Tax losses for which no deferred income tax assets were recognised	594	936	19,193	31,766
Remeasurement of gain on exchange rate of US Dollar financial statement	(240)	(3,003)	(7,755)	(101,916)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	(98)	(991)	(3,166)	(33,633)
Total income tax expense (benefit)	(4)	(6)	(131)	(198)
The average effective tax rate	0%	0%	0%	0%

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.

28 Promotional privileges

As at 31 December 2018, 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.

29 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2018 and 2017 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements			
	2018 (in thousand US Dollar/ thousand shares)	2017 (in thousand US Dollar/ thousand shares)	2018 (in thousand Baht/ thousand shares)	2017 (in thousand Baht/ thousand shares)
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(27,193)	4,217	(877,782)	144,536
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings (losses) per share (basic)	(0.0192)	0.0030	(0.6211)	0.1023
	(in US dollar)		(in Baht)	
	Separate financial statements			
	2018 (in thousand US Dollar/ thousand shares)	2017 (in thousand US Dollar/ thousand shares)	2018 (in thousand Baht/ thousand shares)	2017 (in thousand Baht/ thousand shares)
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(1,015)	15,269	(31,987)	521,025
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings (losses) per share (basic)	(0.0007)	0.0108	(0.0226)	0.3687
	(in US dollar)		(in Baht)	

30 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 17).

Foreign currency risk

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

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>			
Thai Baht				
Cash and cash equivalents	6,740	17,403	343	402
Trade accounts receivable	188	-	-	-
Receivables from related parties	-	-	157,866	135,621
Long-term loans to related parties	-	-	55,902	55,506
Trade accounts payable	(209)	(341)	-	-
Other accounts payable	(1,009)	(1,094)	(637)	(578)
Gross balance sheet exposure	5,710	15,968	213,474	190,951
Singapore Dollar				
Cash and cash equivalents	112	138	-	-
Trade accounts receivable	-	35	-	-
Trade accounts payable	(58)	(364)	-	-
Other accounts payable	(214)	(605)	-	-
Gross balance sheet exposure	(160)	(796)	-	-
Qatari Dollar				
Cash and cash equivalents	653	229	-	-
Trade accounts payable	(45)	(4)	-	-
Other accounts payable	(331)	(128)	-	-
Gross balance sheet exposure	277	97	-	-
Indonesian Rupiah				
Cash and cash equivalents	27	81	-	-
Trade accounts receivable	149	260	-	-
Trade accounts payable	(62)	(296)	-	-
Other accounts payable	(501)	(512)	-	-
Current portion of finance lease liabilities	(47)	-	-	-
Finance lease liabilities	(40)	(139)	-	-
Gross balance sheet exposure	(474)	(606)	-	-

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 2018 and 2017, except for equity securities held for trading disclosed in Note 6 and loans from financial institutions disclosed in Note 17, 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.

31 Guarantees

As at 31 December 2018 and 2017, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements					
	2018			2017		
	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	13,824	-	19,990	13,576	46
Guarantee for long-term loans of subsidiaries to financial institutions	-	68,000	-	-	80,000	-

	Separate financial statements			
	2018		2017	
	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	-	68,000	-	80,000

32 Commitments with non-related parties

(a) Capital commitments

	Consolidated financial statements			
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
Purchasing of diving equipment	-	72	-	2,353
Purchasing of investment	-	2,389	-	78,075
Total	-	2,461	-	80,428

(b) Operating lease commitments - company as lessee

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

	Consolidated financial statements			
	2018	2017	2018	2017
	(in thousand US Dollar)		(in thousand Baht)	
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	766	5,169	24,857	168,928
After one year but within five years	1,489	5,833	48,318	190,628
After five years	372	741	12,071	24,217
Total	2,627	11,743	85,246	383,773

33 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management assessed no impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards 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:	www.mermaid-group.com
Investor Relations E-mail:	ir@mermaid-group.com
	(as at 31 December 2018)

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