



MERMAID

2019

ANNUAL REPORT

MERMAID MARITIME PLC.

BUILDING ON CORE STRENGTHS

TABLE OF CONTENTS

01

Financial
Highlights

02

Message
from the
Chairman

06

Company
Profile

07

Honorary
Adviser
Statement

08

The Board of
Directors

10

Key
Executives

11

Corporate
Structure

12

Global
Presence

14

Mermaid
Fleet Profile

17

Mermaid
Group
Companies

18

Corporate
Governance

36

General
Disclosures

51

Business
Overview

54

Industry
Overview

62

Management
Discussion
& Analysis

67

Risk
Management

72

Sustainability
Report

88

Financial
Statements

FINANCIAL HIGHLIGHTS

(Consolidated numbers)

Year Ended 31 December

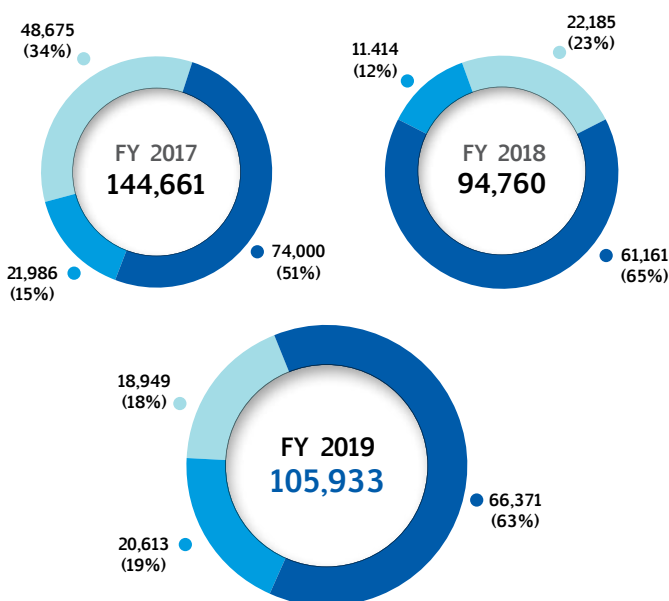
	2017	2018	2019
<i>(in thousand US Dollars, except share, per share data, and ratios)</i>			
Revenue from rendering of services	144,661	94,760	105,933
EBITDA*	22,666	(12,289)	(1,467)
Net profits (losses)	4,204	(27,298)	(24,216)
Normalised profit/(loss)**	4,204	(27,298)	(19,860)
Book value per share	0.24	0.22	0.20
Return on shareholders' equity (%)	1.24	(8.31)	(8.05)
Net profits (losses) margin (%)	2.91	(28.81)	(22.86)
Total debt to total capitalisation (times)	0.19	0.18	0.16
Net gearing (%)	n/a	n/a	3.5

* EBITDA excludes non-recurring non-cash items (impairment losses and gain on deconsolidation of a subsidiary)

** Net profits (losses) excludes non-recurring items

SERVICE REVENUE

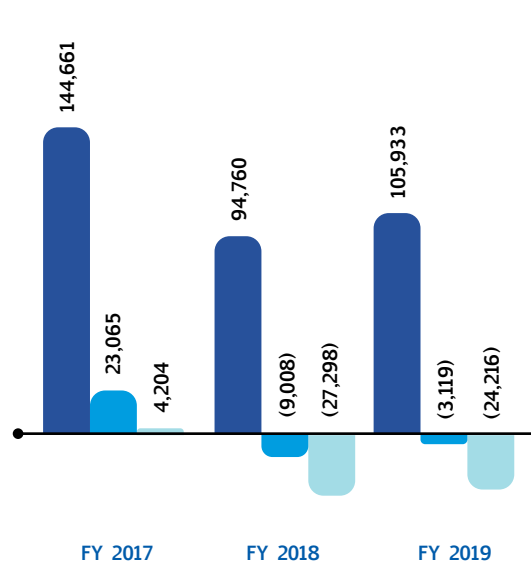
Unit : in thousand US Dollars



- National oil and gas companies
- International oil and gas companies
- Major EPCIC contractors

PROFIT

Unit : in thousand US Dollars



- Revenue from rendering of services
- Gross profit (loss)
- Net profit (loss)

MESSAGE FROM THE CHAIRMAN

DEAR VALUED SHAREHOLDERS,

It is my great pleasure to present to you our 2019 Annual Report. 2019 was yet another challenging year with overall market conditions remaining challenging due to the uncertainty in oil prices.

Nevertheless, 2019 has once again proven Mermaid's status of being a leading international specialist for marine and subsea engineering services, and a resilient presence in the offshore drilling sector through its investment in Asia Offshore Drilling Limited ("AOD").



PRASERT BUNSUMPUN
CHAIRMAN OF THE BOARD



STANDING STRONG

In 2019, crude oil prices were generally lower than 2018. The price of Brent crude oil, the international benchmark, averaged USD 64 per barrel which was USD 7 per barrel lower than its 2018 average. During this time, the offshore services market continued to remain highly over-supplied, with intense pricing competition and depressed vessel and rig charter rates.

In 2019, our subsea revenues increased year-on-year from USD 94.8 million in 2018 to USD 105.9 million in 2019 due to higher fleet utilization at 79 percent compared to 57 percent in the preceding year. We earned 63% of our subsea revenues from national oil and gas companies, 19% from international oil and gas companies and 18% from major EPCIC contractors. Although our business has recently been predominantly focused in the Middle East, we also secured additional work in the Gulf of Thailand.

Our EBITDA losses also narrowed year-on-year from USD 12.3 million in 2018 to USD 1.5 million in 2019. Net losses decreased from USD 27.3 million in 2018 to USD 24.2 million in 2019 arising from higher fleet utilization and contribution margins. This is inclusive of a net profit contribution of USD 5.3 million from AOD during 2019.

Mermaid generated USD 2.4 million in negative cash flow from operations in 2019 compared to positive cash flow from operations of USD 9.8 million in 2018 and our ending cash balance in 2019 including restricted deposits at banks was USD 46.0 million against debts of USD 56.0 million, thus reversing the trend in previous years of net cash positions.

Shareholders equity reduced from USD 314.9 million in 2018 to USD 287.0 million in 2019 representing further decline in Mermaid's financial position. To mitigate against liquidity risks, Mermaid secured an extension to the maturity date of its interest-bearing debt facility until 2024 hence our short-term liquidity risk remains low.

At the end of 2019, our balance sheet position remained strong with net gearing ratio of 3.5%, current ratio of 2.15 times, liability to equity ratio of 0.30 times and net debt to equity ratio of 0.19 times.

RIDING THE STORM

We ended the 2019 year with an orderbook of USD 217 million for our subsea business primarily arising from the renewal of our landmark subsea inspection, repair and maintenance (“IRM”) contract in the Middle East for a further three years ending 2022. Our regional commercial teams are also aggressively tendering for new projects to add to our orderbook.

Key achievements in 2019 included securing the aforesaid key contract extension, rationalization of non-performing assets, qualifying as a decommissioning service provider, expanding into the offshore wind cable installation market, extensive consolidation, and cost efficiency improvement while maintaining high quality of services. We also took further asset impairments on non-performing assets and deconsolidated a subsidiary.

We are also pleased that in 2019 our associate AOD secured three-year contract extensions in the Middle East for all three jack-up drilling rigs thus assuring their continued employment. ‘AOD-I’ and ‘AOD III’ are now on service contracts until 2022 and ‘AOD-II’ is on a service contract until 2023. All three jack-up drilling rigs have delivered exemplary operating results during 2019 with overall utilization exceeding 99% due high operating performance and limited downtime.

2020: A CLIMATE OF HEIGHTENED ECONOMIC UNCERTAINTY

The start of 2020 brought with it unprecedented changes. Triggered by the coronavirus (“COVID-19”) pandemic, oil prices have seen their largest weekly declines since 2008. This was due to Russia’s refusal to agree to production cuts planned by OPEC producers aimed at stabilizing the market arising from the coronavirus’ effect on global demand, and Saudi Arabia stepping up production in response. All this has led to an over-supply at a time of falling demand.

At the time of this report, the impact of the collapse in oil price and the COVID-19 outbreak is only in its initial phases. Already, we have seen licensing rounds being postponed, announcements by major oil and gas companies of plans to reduce expenditure, and early charter terminations. The US Energy Information Administration has reduced its forecast for the average Brent oil price this year to USD 43 per barrel.

IMPLEMENTING STRATEGIC NECESSITIES

Mermaid’s focus during 2019 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 2019, and ready to take on 2020.

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.

For 2020, we will continue to focus on our core business of IRM while cautiously exploring expansion of subsea service capabilities where market condition permits and increase our geographic footprint into new territories. We have also been developing our internal subsea engineering capability with the aim to offer more innovative solutions for our customers.

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.

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.

This is also the third year that we have published a Sustainability Report based on the Global Reporting Initiative framework which complies with SGX requirements. Mermaid remains committed to looking for ways to reduce the impact on the environment and to create positive social impact.



WORD OF THANKS

2019 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.

Good corporate governance is fundamental for long-term business sustainability and value creation for our shareholders. 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.

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 2020, you can be assured that Mermaid shall continue “Building on Core Strengths” in the offshore oil and gas service industry.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Prasert', with a stylized flourish at the end.

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 Asia (Thailand) and we are listed on the Singapore Stock Exchange. We have operational bases in South East Asia, the Middle East and the North Sea.

We provide full turnkey services to oil and gas majors operating offshore through our diversified portfolio of subsea vessels, specialized diving equipment, remotely operated vehicles and drilling and accommodation rigs. We have been in the offshore business for over 30 years and we are today present in five geographical regions with a team of over 500 professional divers, drillers, technicians, surveyors, management and support staff. Our vision is to be a premium service provider to the offshore oil and gas industry and to constantly deliver enhanced return to our shareholders.

HONORARY ADVISER STATEMENT

“Every successful business is built on the desire and determination to succeed. The world of business is like our own lives. We have to survive in an environment of constant change. There are always many opportunities present all around us and it is up to us to reach out and take as many as we want.”

PRAYUDH MAHAGITSIRI
HONORARY ADVISER



THE BOARD OF DIRECTORS



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

Mr. Prasert Bunsumpun 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., Thaicom Plc., Nok Airlines Plc., Yuanta Securities (Thailand) Co., Ltd. and SVI Plc., and as a director on the board of Intouch Holdings Plc. and PTT Global Chemical Plc. He also previously served as Chairman of PTT Global Chemical Plc., 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 and 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 the 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), the Capital Market Academy Leadership Program Class 17/2013 from the Capital Market Academy (CMA), and the 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 the 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 such as Soleado Holdings Pte. Ltd., Thoresen Shipping FZE, GAC Thoresen Logistics Ltd., Petrolift Inc. and PH Capital Co.,Ltd. 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 Degree in Commerce from the 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).



4. Dr. Jean Paul Thevenin
Non-Executive Director
(Age 79)

5. Mr. Tang Kee Fei
Independent Director
(Age 64)

6. Mr. Tay Yu-Jin
Independent Director
(Age 45)

7. Dr. Jan Jozef Skorupa
Independent Director
(Age 72)

Dr. Jean Paul Thevenin has a Doctorate Degree (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 and head of the Asia international arbitration practice of Mayer Brown LLP, a leading US global law firm. He is based in Singapore and has over 20 years of experience covering disputes arising from a broad range of sectors including energy, oil and gas, M&A/joint venture, construction and infrastructure, mining and natural resources, media, technology and general commercial disputes. 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. Yu-Jin was one among four Asian lawyers featured in Global Arbitration Review's 2011 global 45 under 45 ranking and has been ranked among the top partners in Arbitration: Future Leaders for consecutive years. He is recognised annually as a leading individual in major legal directories including GAR's International Who's Who (since 2010), Chambers Asia-Pacific (since 2008; ranked in the Asia-wide, Singapore, Indonesia, South Korea, and India chapters), Legal 500 (since 2008), Euromoney Guide to the World's Leading Experts in Commercial Arbitration (since 2006) and Benchmark Litigation (Local Disputes Star from 2013). In May 2019, Yu-Jin received individual commendation and led his team to winning the Financial Times Award for Most Innovative Dispute Resolution Team in the Asia Pacific. He is Vice President and Fellow of the Singapore Institute of Arbitrators. He has practiced in Paris, London and Washington DC and previously headed the Asia arbitration practice of a leading US wall street law firm and another major global law firm. He was called to the bar in England in 1998 and trained as a pupil at Fountain Court Chambers. As a Singapore Public Service Commission Overseas Merit Scholar, he 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.

Note: Pursuant to the Articles of Association of the Company, Mr. Tang Kee Fei, Mr. Chalermchai Mahagitsiri and Mr. Jitender Pal Verma are scheduled to retire from the Board by rotation at the next Annual General Meeting of Shareholders No. 01/2020. All three retiring Directors shall be seeking re-election for another term at that general meeting. For additional information on Directors seeking re-election, please refer to the section on "General Disclosures" in this Annual Report.

KEY EXECUTIVES



Mr. Philippe Jean Paul Grasset took the position of Deputy Chief Executive Officer in October 2019. Philippe brings to Mermaid more than thirty years' experience of extensive management at senior executive level within international groups, strategic and operational experience, and proven track record of business turnaround and transformation in the oil and gas and energy industries. He has a Master's Degree in Engineering from Ecole Nationale Supérieure d'Arts & Métiers – Paris (France).

Dr. Vincent Siaw Appointed to his present position since 2016, Dr. Vincent Siaw joined Mermaid in 2005 and during his last 14 years at Mermaid, he performed various key roles including General Counsel, Head of Corporate Strategy, Head of Investor Relations, Business Development Director and Company Secretary. Prior to joining Mermaid, he worked as a lawyer specializing in transnational corporate and commercial practice.

He graduated with a Bachelor of Commerce (Accounting) and Bachelor of Laws (Hons.) from the Australian National University, Master of Business Administration (Oil and Gas) from Curtin University's joint program with the Aberdeen Business School and Doctor in Business Administration in Corporate Law and Governance from the University of South Australia. He is admitted as a Barrister and Solicitor in Australia and a Solicitor in England and Wales. He also graduated with a Global Executive Master of Business Administration from INSEAD.

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 a Master of Business Administration in Project Management.

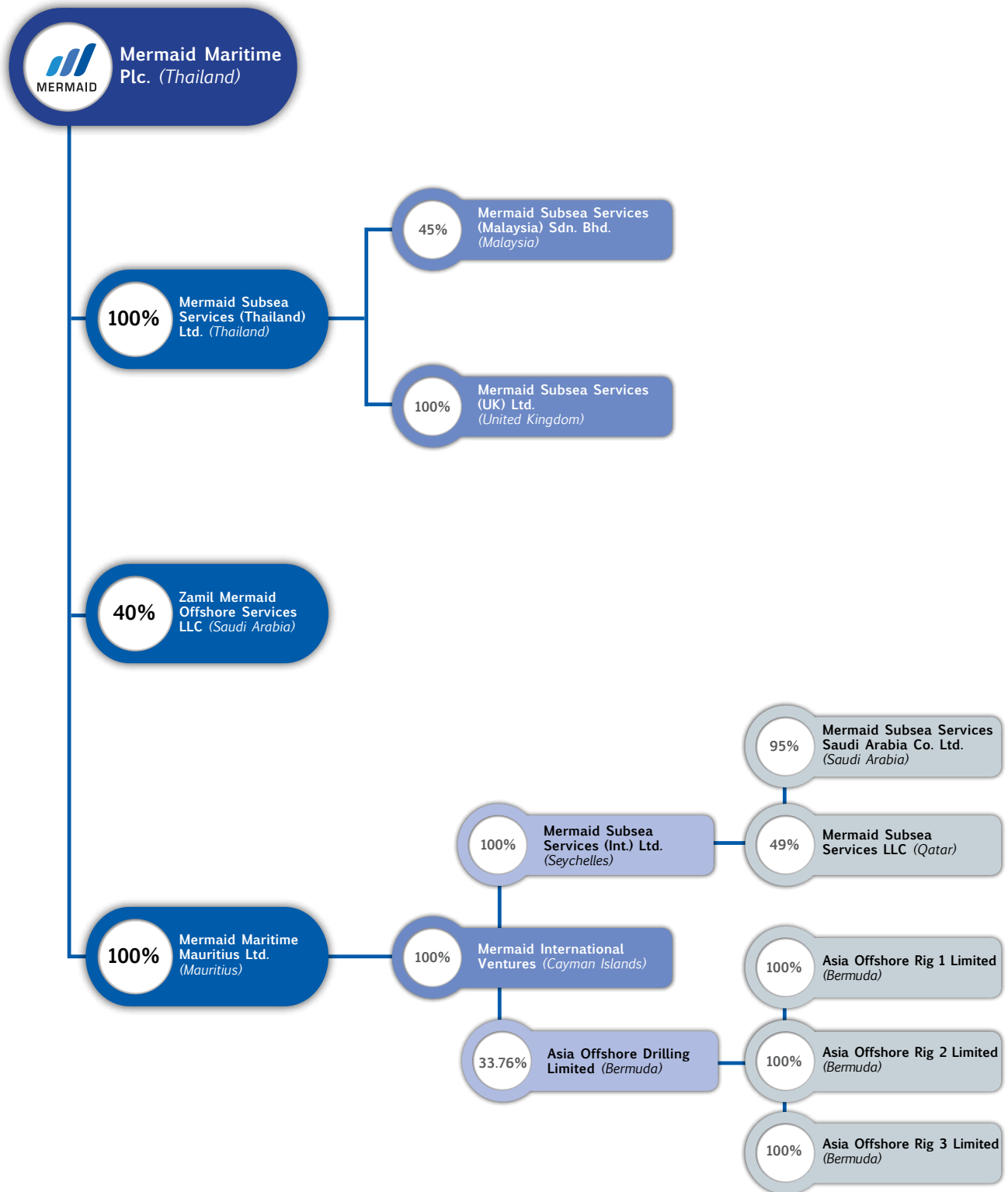
Mr. Phiboon Buakhunngamcharoen joined Mermaid in June 2005 and was appointed Chief Financial Officer in February 2017. During his 14 years of experience with Mermaid, he started working as a Financial Controller where he was responsible for and oversaw the finance and accounting function of Mermaid's Drilling Business Division. In October 2013, he was promoted to Finance Director where he oversaw the Management Reporting function for Mermaid covering both its Subsea and Drilling Business Divisions. In March 2016, he was appointed as Compliance and Internal Audit Director leading the internal audit team to audit and access internal controls, operation efficiencies and compliance.

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

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

CORPORATE STRUCTURE

As at 18 March 2020



GLOBAL PRESENCE





36

YEARS SINCE
MERMAID MARITIME'S
ESTABLISHMENT

500+

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

6 + 1*

SUBSEA VESSELS

3 + 14

SATURATION AND
AIR DIVING SYSTEMS

13

REMOTELY OPERATED
VEHICLES

3

HIGH SPECIFICATION
JACK-UP DRILLING RIGS**

*49.00% OWNERSHIP OF BARAKUDA
THROUGH PT SEASCAPE INDONESIA

**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 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.



SUBSEA SERVICES

▶ **MERMAID SAPPHIRE** (Built in 2009)

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



▶ **MERMAID CHALLENGER** (Built in 2008)

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

▶ **MERMAID SIAM** (Built in 1991)

The MV 'Mermaid Siam' is a DP2 construction support barge. The vessel features an IMCA-compliant 10-man single bell saturation diving system rate 300-meter 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 DNV classed and flies the St. Vincent and the Grenadines flag.



SUBSEA SERVICES

▶ **BARAKUDA (Built in 1982)**

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



DRILLING SERVICES



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

The 'AOD I', 'AOD II' and 'AOD III' are high specification jack-up drilling rigs. Built to the popular MOD V B-Class model by Keppel FELS in Singapore, these rigs are on long term drilling contracts from 2013 to 2022 in Saudi Arabia. The rigs had undergone customization at client expense to suit working conditions and workplace configuration and have achieved high operational efficiency, safety and reliability since commencement of their respective drilling programs to date. Each rig can work in water depths of up to 400 meters, has a drilling depth rating of 30,000 feet and has accommodation for 150 personnel. The 'AOD I', 'AOD II' and 'AOD III' are ABS classed and fly the Panama flag. These rigs are owned by Asia Offshore Drilling Limited in which Mermaid has a 33.76 percent ownership interest.

MERMAID GROUP COMPANIES

As at 18 March 2020

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% (indirect)
3.	Mermaid Subsea Services (International) Ltd.	Subsea	Seychelles	05 March 2008	046418	Ordinary	USD 1	1	100% (indirect)
4.	Mermaid Subsea Services LLC	Subsea	Qatar	11 November 2008	40867	Ordinary	QAR 200,000	200	49% (indirect)
5.	Mermaid Subsea Services Saudi Arabia Co. Ltd.	Subsea	Saudi Arabia	8 April 2011	623353	Ordinary	SAR 500,000	5,000	95% (indirect)
6.	Zamil Mermaid Offshore Services Company LLC	Subsea	Saudi Arabia	18 September 2012	2051050298	Ordinary	SAR 2,000,000	2,000	40% (direct)
7.	Mermaid Offshore Services Pte. Ltd.	Subsea	Singapore	28 March 2011	201107423W	Ordinary	USD 20,400,100	20,400,100	100% (indirect)
8.	Seascope Surveys Pte. Ltd.	Subsea	Singapore	24 November 2004	200415192D	Ordinary	SGD 100	100	100% (indirect)
9.	PT Seascope Surveys Indonesia	Subsea	Indonesia	19 January 2005	09.03.1.74.44960	Ordinary	IDR 7,328,000,000	800	49% (indirect)
10.	Mermaid Subsea Services (Malaysia) Sdn. Bhd.	Subsea	Malaysia	16 January 2018	1264208-U	Ordinary	MYR 550,000	550,000	45% (indirect)
11.	Mermaid Subsea Services (UK) Limited	Subsea	United Kingdom	7 February 2020	653829	Ordinary	GBP 100,000	100,000	100% (indirect)
12.	Mermaid Drilling Ltd.	Holding	Thailand	24 January 2005	0105548011196	Ordinary	THB 410,000,000	41,000,000	95% (direct)
13.	Mermaid Drilling (Malaysia) Sdn. Bhd.	Drilling	Malaysia	5 August 2005	705457A	Ordinary	MYR 500,000	500,000	95% (indirect)
14.	MTR-1 Ltd.	Drilling	Thailand	15 March 2005	0105548036890	Ordinary	THB 240,000,000	24,000,000	95% (indirect)
15.	MTR-2 Ltd.	Drilling	Thailand	15 March 2005	0105548036881	Ordinary	THB 350,000,000	35,000,000	95% (indirect)
16.	Asia Offshore Drilling Limited	Holding	Bermuda	29 October 2010	44712	Ordinary	USD 60,000,100	60,000,100	33.76% (indirect)
17.	Asia Offshore Rig 1 Limited	Drilling	Bermuda	29 October 2010	44713	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
18.	Asia Offshore Rig 2 Limited	Drilling	Bermuda	29 October 2010	44714	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
19.	Asia Offshore Rig 3 Limited	Drilling	Bermuda	1 July 2011	45551	Ordinary	USD 36,000,000	36,000,000	33.76% (indirect)
20.	Mermaid Maritime Mauritius Ltd.	Holding	Mauritius	25 March 2014	121881	Ordinary	USD 1	1	100% (direct)
21.	Mermaid International Ventures	Holding	Cayman Islands	26 August 2014	291210	Ordinary	USD 100	100	100% (indirect)
22.	PTCC Co., Ltd.	Investment	Cambodia	26 September 2017	00028200	Ordinary	KHR 78,600,000,000	19,650,000	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 2019, 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:

BOARD MATTERS

THE BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1

The Board oversees and manages the Company’s business under the control of the resolutions of the shareholders’ meeting in good faith and due care for the best interest of the Company. The Board is collectively responsible and works with management for the long-term success 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.

In performing the key functions above, the Board sets an appropriate tone-from-the-top and the desired organizational culture and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. The Board has also put in place a Code of Business Conduct setting out the Company’s business ethics.

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 raise awareness of compliance, essentials of the roles of a director and a member of each committee in a listed company. The Company shall be responsible for the course fees.

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

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.

All members of the Board have served the Company for several years and therefore understand the Company's business and their directorship duties.

Board Committees

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.

The membership of the Board Committees are as follows:

Name	Type of Meetings					
	Board	Audit Com.	Nom. Com.	Rem. Com.	Exec. Com.	Risk Com.
Mr. Prasert Bunsumpun	Chair	-	-	-	Chair	-
Mr. Chalermchai Mahagitsiri	Member	-	-	-	Member	Member
Dr. Jean Paul Thevenin	Member	Member	Member	Member	Member	Chair
Mr. Jitender Pal Verma	Member	-	Member	-	Member	-
Dr. Jan Jozef Skorupa*	Member	Member	Chair	Member	-	-
Mr. Tang Kee Fei	Member	Chair	Member	-	-	Member
Mr. Tay Yu-Jin	Member	-	Member	Chair	-	-

*Also Lead Independent Director

Details of each Board Committee are as follows:

Audit Committee

As at 31 December 2019, 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:

- review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- review the quarterly financial statements prior to approving or recommending their release to the Board, as applicable;

- (c) oversee the performance and effectiveness of the Group's risk management systems and internal controls;
- (d) review the assurance from the Chief Executive Officer ("CEO") and the Chief Financial Officer on the financial records and financial statements;
- (e) make recommendations to the Board on the proposals to the shareholders on the appointment and removal of external auditors and the remuneration and terms of engagement of the external auditors;
- (f) review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (g) review the qualification, independence and performance of the external auditors and non-audit services rendered by the external auditors;
- (h) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters so that they may be safely raised, independently investigated and appropriately followed up on;
- (i) review Interested Persons Transactions ("IPT") and Related Party Transactions ("RPT"); and
- (j) oversee the Internal Audit Department.

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.

Nomination Committee

As at 31 December 2019, 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 succession plans for Directors and, in particular, the Chairman, the CEO and key management personnel;
- (b) establish the process and criteria for evaluation of the performance of the Board, its Committees and Directors;
- (c) identify and/or make recommendations to the Board on all candidates nominated for appointment to the Board;
- (d) review Board structure, size, composition, core competencies and performance from time to time;
- (e) review the training and professional development programs for the Board and its Directors;
- (f) review all candidates nominated for key management positions in the Company; and
- (g) determine annually whether or not a Director is independent.

Remuneration Committee

As at 31 December 2019, 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.

Executive Committee

As at 31 December 2019, the Executive Committee comprises three (3) Non-Executive Directors, namely Mr. Prasert Bunsumpun, Mr. Jitender Pal Verma and Dr. Jean Paul Thevenin, and one (1) Executive Director namely Mr. Chalermchai Mahagitsiri. 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 2019, the Risk Management Committee comprises one (1) Independent Director namely Mr. Tang Kee Fei, one (1) Non-Executive Director namely Dr. Jean Paul Thevenin, one (1) Executive Director namely Mr. Chalermchai Mahagitsiri who is also the CEO, and Mr. Phiboon Buakhunngamcharoen who is the Chief Financial Officer. The Chairman of the Risk Committee was Dr. Jean Paul Thevenin.

The Risk Management Committee is responsible, 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 Group;
- (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 Group's business.

The number of Board and Board committee meetings held during the financial year ended 31 December 2019, 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.	Nom. Com.	Rem. Com.	Exec. Com.	Risk Com.
Mr. Prasert Bunsumpun	6/6	-	-	-	7/7	-
Mr. Chalermchai Mahagitsiri	6/6	-	-	-	7/7	2/2
Dr. Jean Paul Thevenin	6/6	4/4	1/1	1/1	7/7	2/2
Mr. Jitender Pal Verma	6/6	-	1/1	-	7/7	-
Dr. Jan Jozef Skorupa	6/6	4/4	1/1	1/1	-	-
Mr. Tang Kee Fei	6/6	4/4	1/1	-	-	2/2
Mr. Tay Yu-Jin	6/6	-	1/1	1/1	-	-

Review of Company Performance

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. Such reports and business updates compare Mermaid's actual performance against the budget and highlight key business drivers/indicators and any major issues that are relevant to Mermaid's performance, position and prospects. The Executive Committee provides the updated report to the Board on a regular basis.

Voluntary Announcement of Quarterly Reports

On 9 January 2020, Singapore Exchange Regulation ("SGX RegCo") announced changes to quarterly reporting ("QR") requirements. Effective 7 February 2020, the risk-based approach to QR replaces the previous reporting requirement based on companies meeting, among other things, a certain minimum market capitalization.

Following this announcement, it is no longer mandatory for the Company to report its financials on a quarterly basis. In the interest of continuing to keep shareholders and stakeholders informed on the Company's performance and to continue to engage with investors on the Company's long-term business strategy, the Company shall continue to release its quarterly results via SGXNet on a voluntary basis.

Access to Information

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 by the Group.

The Company Secretary that presided for the year ended 31 December 2019 was re-appointed since 11 October 2019. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

With the approval of the Chairman, Directors 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.

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 if appropriate). The Nomination Committee also seeks to ensure that the size of the Board is conducive for effective discussion and decision-making.

As at 31 December 2019, the Board comprises seven (7) Directors including three (3) Independent Directors, three (3) Non-Executive Directors, and one (1) Executive Director.

Board Independence

The Independent Directors have each declared that they are independent in conduct, character and judgment, and have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interest of the Company.

None of the Directors have served on the 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 shall 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 a majority of the Board where the Chairman is not independent (Principle 2, Guideline 2.2 of the Code);
- (f) Non-Executive Directors should make up a majority of the Board (Principle 2, Guideline 2.3 of the Code);
- (g) 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 10, Guideline 10.2 of the Code);
- (h) the Nomination Committee should comprise at least three (3) Directors, a majority of whom, including the Chairman, should be Independent (Principle 4, Guideline 4.2 of the Code);

- (i) 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 6, Guideline 6.2 of the Code);
- (j) 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 CEO and Chief Financial Officer (Section 3.2 of the Risk Management Committee Charter); and
- (k) the Lead Independent Director should be appointed where the Chairman is not an Independent Director (Principle 3, Guideline 3.3 of the Code) and should also be a member of the Nomination Committee (Principle 4, Guideline 4.2 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.

A majority of the Board comprises Non-Executive Directors and one-third (1/3) of the Board are Independent Directors. 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 Chairman is not an Independent Director. Pursuant to Guideline 2.2 of the Code, where the Chairman is not an Independent Director, Independent Directors should make a majority of the Board. The Nomination Committee considers that there remains a strong and independent element on the Board notwithstanding the Chairman not being an Independent Director as at 31 December 2019.

The Company is committed to building a diverse, inclusive and collaborative culture. The Company recognizes and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In reviewing the Board composition and appointments, the Nomination Committee takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver.

The profile of each Director and other relevant information on the Directors are set out in the sections on "Board of Directors" and "General Disclosures" in this Annual Report.

Meeting of Directors without Management

The Non-Executive Directors and Independent Directors met regularly where necessary without the presence of management. The chairman of such meetings provide feedback to the Board and/or Chairman, as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There is a clear separation of responsibilities between the Chairman and the CEO to ensure an appropriate balance of power, and increased accountability and greater capacity of the Board for independent decision making. The Chairman provides support and advice to, and acts as a sounding board for the CEO, while respecting executive responsibility. The CEO takes into relevant consideration the views of the Chairman in decision-making and therefore no one individual has unfettered powers of decision-making.

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

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

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

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 provides leadership in situations where the Chairman is conflicted. The Lead Independent Director is also available to shareholders where they have concerns and for which contact through the normal channels of the Chairman or the management has failed to resolve or is inappropriate.

BOARD MEMBERSHIP

Principle 4

The Nomination Committee comprise at least three (3) Directors, the majority of whom, including the Nomination Committee Chairman, are independent. The Lead Independent Director is also a member of the Nomination Committee.

Process for Selection, Appointment and Re-Appointment of Directors

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

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. Upon recommendation by the Nomination Committee, a replacement Director can be appointed by way of Board resolution but any new Director shall be appointed by shareholder resolution alone. There is no alternate director on the Board.

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

Review of Independence

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 Dr. Jan Jozef Skorupa, Mr. Tang Kee Fei and Mr. Tay Yu-Jin are independent. The Independent Directors are required, from time to time, to disclosed to the Board their relationships with the Company, its related corporations, its substantial shareholders or its officers which may affect their independence.

Listed Company Directorships and Principal Commitments

The listed company directorships and principal commitments of each Director as at 31 December 2019 is set out below:

	Other Listed Company Directorships
Mr. Prasert Bunsumpun	TKS Technologies Plc. PTT Global Chemical Plc. Nok Airlines Plc. SVI Plc. Thaicom Plc. Thoresen Thai Agencies Plc. Intouch Holdings Plc.
Mr. Chalermchai Mahagitsiri	Seven Utilities and Power Plc. PM Thoresen Asia Holdings Plc. Unique Mining Services Plc. Thoresen Thai Agencies Plc. Posco-Thainox Plc. Thai Film Industries Plc.
Dr. Jean Paul Thevenin	PM Thoresen Asia Holdings Plc. Thoresen Thai Agencies Plc.
Mr. Jitender Pal Verma	PM Thoresen Asia Holdings Plc. Thoresen Thai Agencies Plc.
Dr. Jan Jozef Skorupa	None.
Mr. Tang Kee Fei	None.
Mr. Tay Yu-Jin	None.
	Principal Commitments
Mr. Prasert Bunsumpun	None.
Mr. Chalermchai Mahagitsiri	President & CEO, Thoresen Thai Agencies Plc.
Dr. Jean Paul Thevenin	Non-Executive Director, Thoresen Thai Agencies Plc.
Mr. Jitender Pal Verma	Executive Director & Group CFO, Thoresen Thai Agencies Plc.
Dr. Jan Jozef Skorupa	Managing Director, Clesol Co., Ltd.
Mr. Tang Kee Fei	General Manager, Asiotech Energy Pte. Ltd.
Mr. Tay Yu-Jin	Partner, Mayer Brown LLP

The Nomination Committee considers that the other board representations and principal commitments 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.

BOARD PERFORMANCE

Principle 5

On the initiative of the Nomination Committee and in line with past practice, each Director, on an annual basis, undertakes a self-assessment exercise of the performance of the Board as a whole, of each of its Committees, and of himself/herself taking into relevant consideration the roles and responsibilities of Directors pursuant to the Code and the results of the Company's business operations. The self-assessment exercise is facilitated by the Internal Auditor. The results of the self-assessment exercise are then reported and discussed by the Board and areas for improvement 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 Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

REMUNERATION MATTERS

PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

Principle 6

The Remuneration Committee has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. The Remuneration Committee recommends the framework for and proposes specific remuneration packages to the Board. The Remuneration Committee considers all aspects of remuneration, including termination terms, to ensure that they are fair. No Director is involved in deciding his or her own remuneration.

The Remuneration Committee comprises at least three (3) Directors. All members of the Remuneration Committee are non-executive Directors, the majority of whom, including the Remuneration Committee Chairman, are independent.

The Remuneration Committee has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises and expenses of such advice shall be borne by the Company. For the financial year ended 31 December 2019, there were no remuneration consultants engaged by the Company.

LEVEL AND MIX OF REMUNERATION

Principle 7

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 level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company and prevailing market conditions.

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.

Pay-for-Performance Alignment

The CEO and other key management personnel's remuneration comprises a base/fixed salary and a variable bonus component. The Company has a bonus scheme to link rewards to corporate and individual performance. Such performance-related compensation is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. 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-term and long-term quantifiable objectives.

The Remuneration Committee considers that the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, and that the remuneration to Directors, the CEO and other key management personnel is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and the CEO and other key management personnel to successfully manage the Company for the long term.

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. In any case, Executive Directors owe a fiduciary duty to the Company. The Company would be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

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. The Company had in the past actively implemented Employee Share Option Plans. All previous plans have since expired and there are no active Employee Share Option Plans during the financial year ended 31 December 2019. More details of the Employee Share Option Plans are provided in the section on "General Disclosures" of this Annual Report.

DISCLOSURE OF REMUNERATION

Principle 8

The name and remuneration of each person who is/was a Director of the Company during the financial year ended 31 December 2019 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	-	-	-	-	●
Dr. Jean Paul Thevenin	●	-	-	-	-
Mr. Jitender Pal Verma	-	-	-	-	-
Dr. Jan Jozef Skorupa	●	-	-	-	-
Mr. Tang Kee Fei	●	-	-	-	-
Mr. Tay Yu-Jin	●	-	-	-	-

The only Director who receives remuneration as an executive of the Company is Mr. Chalermchai Mahagitsiri in his capacity as Executive Vice Chairman and CEO. As an 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.

In the case of 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). All Directors served for the full financial period ended 31 December 2019.

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

Name	[1]	[2]	[3]	[4]	[5]
Mr. Prasert Bunsumpun	100%	-	-	-	-
Mr. Chalermchai Mahagitsiri	-	100%	-	-	-
Dr. Jean-Paul Thevenin	100%	-	-	-	-
Mr. Jitender Pal Verma	-	-	-	-	-
Dr. Jan Jozef Skorupa	100%	-	-	-	-
Mr. Tang Kee Fei	78%	-	-	22%	-
Mr. Tay Yu-Jin	100%	-	-	-	-

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

Key Executives	Below SGD 250k	SGD 250k-500k	SGD 500k-750k
Dr. Vincent Siaw	●	-	-
Mr. Phiboon Buakhunngamcharoen	●	-	-
Ms. Thanyada Apichotthanachai	●	-	-
Mr. Mark Midgley	-	-	●
Mr. Philippe Jean Paul Grasset	-	●	-

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 2019, not all Key Executives listed above served for the full financial period. Mr. Philippe Jean Paul Grasset was appointed Deputy Chief Executive Officer on 1 October 2019.

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	96%	4%	-	-
Mr. Phiboon Buakhunngamcharoen	83%	5%	13%	-
Ms. Thanyada Apichotthanachai	86%	4%	10%	-
Mr. Mark Midgley	86%	-	14%	-
Mr. Philippe Jean Paul Grasset	100%	-	-	-

The aggregate remuneration paid to the above key management personnel (who are not Directors or the CEO) for financial year ended 31 December 2019 was SGD 1,554,683.25.

Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds SGD 100k during the year.

Not applicable. There are no employees who are immediate family members of a Director, the CEO or a substantial shareholder of the Company for the financial year ended 31 December 2019.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders. All material decisions of the Board take into relevant consideration the nature and extent of risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Internal Audit Department is independent of management and has a direct and primary reporting line to the Chairman of the Audit Committee. The 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.

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

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 Whistleblowing Policy has the objective of encouraging employees to raise legitimate concerns, in confidence, about possible irregularities.

The Risk Management Committee oversees risk management standards, practices, and systems. The Risk Management Committee periodically 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.

Assurance Statements

The Board has received assurances from the CEO and the Chief Financial Officer that the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances as at 31 December 2019.

The Board has also received assurances from the CEO and Chief Financial Officer that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2019 to address the risks that the Company considers relevant and material to its operations.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and the assurances from the CEO, the Chief Financial Officer, and relevant management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2019 to address the risks that the Company considers relevant and material to its operations.

The systems of risk management and internal controls of 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 also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or against poor judgement in decision-making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 10

The Audit Committee comprises at least three (3) Directors, all of whom are non-executive and the majority of whom, including the Audit Committee Chairman, are independent. At least two (2) members, including the Audit Committee Chairman, have recent and relevant accounting or related financial management expertise or experience.

The Audit Committee carried out its functions as stated in the Audit Committee's scope of responsibilities as set out in Principle 1 above. The Audit Committee meets with the external and internal auditors, in each case, without the presence of management, on a quarterly basis.

As at 31 December 2019, the Audit Committee held four (4) meetings. The management of Mermaid, including the CEO, Chief Financial Officer and other relevant management 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 relevant management during the financial year. Mermaid's internal auditor 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.

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 applicable law, rule or regulation, which has or is likely to have a material impact on operating results and/or financial position of the Company. The Audit Committee shall 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 shall abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee is chaired by a chartered management 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.

The Audit Committee does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as there have been any financial interest in the auditing firm or auditing corporation.

The Company performs its own internal audit. The primary reporting line of the Internal Audit Department is the Audit Committee, which also decides on the appointment, termination and remuneration of the head of the Internal Audit Department. The Internal Audit Department has unfettered access to all the Company's documents, records, properties and personnel, including the Audit Committee, and has appropriate standing within the Company. The Internal Audit Department 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 AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11

Mermaid is committed to delivering high standards of corporate disclosure and transparency in its communications with shareholders, analysts and other stakeholders. Mermaid provides regularly relevant information regarding its strategy, performance and prospects to aid shareholders and investors in their investment decisions.

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 various channels including, but not limited to, SGXNet, Annual Reports, Notice of AGMs and its corporate website.

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 corporate website at www.mermaid-group.com.

Shareholder Meetings

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

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

The Company does not practise bundling of resolutions at general meetings. Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

The Company expects all Directors, including the Chairman of the Board Committees, and senior management, to be 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. At AGM No. 01/2019 held on 23 April 2019, all Directors were in attendance, either in person or via teleconference.

The Company has implemented the system of voting by poll at its general meetings. Results of each resolution put to vote at the general meetings 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.

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.

Dividends

On 28 February 2019, due to the consolidated net losses of the Company and in order to preserve financial resources to support a potential business turnaround, among other things, the Board of Directors proposed that no dividends shall be declared to the shareholders for the financial year ended 31 December 2018. Subsequently, at AGM No. 01/2019 dated 23 April 2019, the shareholders present had unanimously approved that no dividends be declared to the shareholders for the financial year ended 31 December 2018.

The Company does not have a dividend policy. However, it adopts a guideline that, subject to other factors that the Board considers appropriate based on the financial status and business outlook of the Company, at least 25 percent of the Company's consolidated annual net profits should be distributed as dividends to its shareholders.

COMMUNICATION WITH SHAREHOLDERS

Principle 12

The Company publishes on a quarterly basis through SGXNet an analyst presentation accompanying the financial statements summarizing financial and business highlights for that quarter. The Company has an Investor Relations Department that remains accessible to handle queries from shareholders and the general public and is the contact point to accommodate exchange of views. The Investor Relations Department can be contacted at +662-255-3115 or at ir@mermaid-group.com whereby shareholders can approach the Company with questions or other queries and through which the Company may respond.

To provide equal participation opportunity for all shareholders, each year the Company organizes a 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 Board members and key executives of the Company. At each Shareholders Forum, the Company delivers a presentation to update shareholders on Mermaid's progress over the past year and provide adequate time to shareholders to address queries and concerns about Mermaid. The Company organized its last Shareholders Forum in Singapore on 25 March 2019.

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 meetings 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.

Meetings via Electronic Media

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) 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 shall 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.

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.

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.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The Company regularly engages with its material stakeholder groups to manage its relationships with such groups. These material stakeholder groups comprise key customers, key suppliers, substantial shareholders, financial institutions, quality, health, safety and environmental organizations, and the local communities. The Company maintains a corporate website at www.mermaid-group.com as the first interface of information and communication with its stakeholders.

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.

The Company has adopted a formal policy on sustainable reporting and reports on its environmental, social and governance ("ESG") information on an annual basis. For more information, please see the "Sustainability Report" section of this Annual Report.

GENERAL DISCLOSURES

1. SHAREHOLDER BASE AND VOTING RIGHTS

As at 18 March 2020, the statistics of shareholdings of Mermaid Maritime Public Company Limited (“Mermaid” or “Company”) are as follows:

Number of Authorised Shares	1,416,700,697
Number of Issued Shares	1,413,328,857
Issued and Fully Paid Up Capital	Thai Baht 1,413,328,857
Treasury Shares	None
Number of Shareholders	4,520
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 or 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 18 March 2020, the distribution of ordinary shares amongst all shareholders was as follows:

No. of Shares	No. of Shareholders	%	Number of Shares	%
1 - 99	200	4.42	2,628	0.00
100 - 1,000	197	4.36	161,620	0.01
1,001 - 10,000	1,524	33.72	10,000,569	0.71
10,001 - 1,000,000	2,568	56.81	188,270,038	13.32
1,000,001 and above	31	0.69	1,214,894,002	85.96
Total	4,520	100.00	1,413,328,857	100.00

3. DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 18 March 2020, the names of substantial shareholders and a breakdown of their direct and deemed interests as recorded in Mermaid's register of substantial shareholders were as follows:

Name	Direct	Deemed	Total
Thoresen Thai Agencies Public Company Limited ("TTA") (see Note 1)	700,000,000 (49.53%)	122,908,013 (8.69%)	822,908,013 (58.22%)
Soleado Holdings Pte. Ltd. ("Soleado")	102,509,593 (7.25%)	-	102,509,593 (7.25%)
Mr. Chalermchai Mahagitsiri (see Note 2)	150,461,660 (10.65%)	822,908,013 (58.22%)	973,369,673 (68.87%)
Mr. Prayudh Mahagitsiri (see Note 3)	52,020,682 (3.68%)	63,588,647 (4.50%)	118,670,229 (8.20%)
Ms. Ausana Mahagitsiri (see Note 3)	63,588,647 (4.50%)	-	63,588,647 (4.50%)

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

Note 2: Mr. Chalermchai Mahagitsiri was the registered holder of 251,876,559 ordinary shares (13.82%) in TTA and 150,000,000 ordinary shares (8.23%) were also registered under his custodian account in TTA. His associates are Ms. Ausana Mahagitsiri who is a registered holder of 79,879,037 ordinary shares (4.38%) in TTA, Ms. Suvimol Mahagitsiri who is the registered holder of 7,771,823 ordinary shares (0.43%) 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 496,003,177 ordinary shares (27.22%).

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

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

4. TOP 20 LARGEST SHAREHOLDERS

As at 18 March 2020, the twenty (20) largest holders of ordinary shares and the number of shares held by such shareholders in Mermaid on record with the share registry as registered with the Thai Ministry of Commerce together with depositors whose security accounts with Central Depository (Pte.) Ltd. hold shares of Mermaid were as follows:

No.	Name	Shares	%	Culm. %
1.	THORESEN THAI AGENCIES PLC.	700,000,000	49.53	49.53
2.	RAFFLES NOMINEES(PTE) LTD.	142,880,542	10.11	59.64
3.	SOLEADO HOLDINGS PTE. LTD.	86,747,393	6.14	65.78
4.	CITIBANK NOMS SPORE PTE. LTD.	85,435,061	6.04	71.82
5.	DBS NOMINEES PTE. LTD.	73,051,797	5.17	76.99
6.	ATHENE HOLDINGS LTD.	20,398,420	1.44	78.43
7.	DBS VICKERS SECURITIES (S) PTE. LTD.	14,970,946	1.06	79.49
8.	UOB KAY HIAN PTE. LTD.	13,997,400	0.99	80.48
9.	OCBC SECURITIES PRIVATE LTD.	10,444,158	0.74	81.22
10.	BNP PARIBAS NOMS SPORE PTE. LTD.	9,566,200	0.68	81.90
11.	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,381,300	0.59	82.49
12.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	7,331,756	0.52	83.01
13.	PHILLIP SECURITIES PTE. LTD.	5,929,402	0.42	83.43
14.	LIM AND TAN SECURITIES PTE. LTD.	5,450,200	0.39	83.82
15.	LEE GEOK HWA	3,363,500	0.24	84.05
16.	UNITED OVERSEAS BANK NOMINEES PTE. LTD.	2,334,300	0.17	84.22
17.	RHB SECURITIES SINGAPORE PTE. LTD.	2,210,500	0.16	84.37
18.	LEE TIAN SAN (LI TIANSONG)	2,200,000	0.16	84.53
19.	LIM YEOW HUA @LIM YOU QIN	2,129,500	0.15	84.68
20.	TIO SENG SOON	2,000,000	0.14	84.82

5. MERMAID SHARES HELD BY DIRECTORS

As at 18 March 2020, 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

Pursuant to Rule 1207(7) of the SGX-ST Listing Manual, the direct and deemed interest of each Director of Mermaid in Mermaid's ordinary shares as at the 21st day after the end of the financial year i.e. 21 January 2020 is also as set out above. The Company has no convertible securities.

6. SHAREHOLDING HELD BY PUBLIC

As at 18 March 2020, the percentage of ordinary shares held in the hand of the public was 24.39%. This is in compliance with Rule 723 of the SGX-ST Listing Manual which requires that more than 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 2019 or still subsisting as at 31 December 2019.

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

For the financial year ended 31 December 2019, there were no material discrepancies between the preliminary final results and the audited accounts in this Annual Report for the following: (a) Statement of Comprehensive Income; (b) Statement of Financial Position; and (c) Statement of Cash Flows.

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 2019 amounted to US Dollars 222,277 (two hundred twenty two thousand two hundred and seventy seven United States Dollars).

Non-audit fee paid to KPMG and its relevant affiliated audit entities during the financial year ended 31 December 2019 amounted to US Dollars 46,547 (forty six thousand five hundred and forty seven United States Dollars). This was for work related to tax advice and 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 2019.

	Group	
	2019	2018
	USD	USD
Audit fees:		
- Auditors of the Company	222,277	187,860
- Other auditors	14,080	43,408
Non-audit fees:		
- Auditors of the Company	46,547	23,968
- Other auditors	60,105	26,894
Total audit and non-audit fees	343,009	282,130

11. APPOINTMENT OF AUDITOR

Auditors from KPMG were reappointed by a resolution of the Company's shareholders on 23 April 2019 to audit the Company's separate financial statements and the Company and its subsidiaries' consolidated financial statements for the financial year ended 31 December 2019.

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 2019:

1. Mr. Banthit Tangpakorn CPA License No. 8509
2. Mr. Sakda Kaothanthong CPA License No. 4628
3. Mr. Veerachai Ratanajaratkul CPA License No. 4323
4. Mr. Watchara Pattarapitak CPA License No. 6669

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 2019.

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 2019 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 subsidiaries did not compromise the standards 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 2019.

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 companies, Mermaid has complied with Rule 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 2019 pursuant to Rule 907 of the SGX-ST Listing Manual.

13. USE OF RIGHTS ISSUE AND PRIVATE PLACEMENT PROCEEDS

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

The total actual accumulative uses of Rights Issue and Private Placement proceeds as at 31 December 2019 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 assist drilling rigs and one subsea 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. Of the USD 33.81 million balance of net proceeds, USD 12.2 million of have been deployed into interim treasury investments and the balance retained as cash in hand.

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

As at 18 March 2020, 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 the Company's 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 Plans ("ESOPs"). As at 31 December 2019, 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 shall 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. Tang Kee Fei	25 Apr 2017	25 Apr 2017	AGM 2020
2.	Mr. Chalermchai Mahagitsiri	19 Jun 2012	24 Apr 2018	AGM 2020
3.	Mr. Jitender Pal Verma	28 Oct 2016	24 Apr 2018	AGM 2020
4.	Dr. Jan Jozef Skorupa	21 Oct 2013	24 Apr 2018	AGM 2021
5.	Mr. Prasert Bunsumpun	19 Jun 2012	23 Apr 2019	AGM 2021
6.	Dr. Jean Paul Thevenin	28 Jan 2013	23 Apr 2019	AGM 2021
7.	Mr. Tay Yu-Jin	26 Apr 2016	23 Apr 2019	AGM 2022

16. DETAILS OF EMPLOYEE SHARE OPTION PLANS

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 (“ESOPs”) were offered by Mermaid to advance the best interests of the Group by providing employees of the Group (including Executive Directors and non-Executive Directors) with additional incentives through the grant of options (“Options”) based on the performance of the Group.

The 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. Subsequent to these plans, there has been no additional ESOPs proposed and none remain active to date.

17. LAND, BUILDINGS AND KEY MOVABLE ASSETS

As at 31 December 2019, 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	1.02	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 2019, Mermaid's key movable assets were seven (7) vessels owned by its subsidiaries and affiliates as follows:

No.	Name of Vessels	Calendar Year		Million USD	
		Build Year	Purchase Year	Cost	Net Book Value
1.	Mermaid Endurer	2010	2010	104.36	54.28
2.	Mermaid Asiana	2010	2010	94.77	54.11
3.	Mermaid Sapphire	2009	2009	35.72	20.91
4.	Mermaid Challenger	2008	2008	19.83	0.50
5.	Mermaid Siam	2002	2010	34.47	0.43
6.	Mermaid Commander	1987	2005	36.70	2.68
7.	Barakuda	1982	2010	1.02	0.07

The net book values presented in the table above represent post-asset impairment values for such assets for the financial year ended 31 December 2019.

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

18. DIRECTORS' AND EXECUTIVE OFFICERS' FORM OF UNDERTAKING

Pursuant to Rule 720(1) of the SGX-ST Listing Manual, 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 18 March 2020, 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 SGX-ST Listing Manual, 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 18 March 2020, the Company’s share price closed at SGD 0.049 and its market capitalization is SGD 69.25 million. The Company has also not experienced an average daily market capitalization of less than SGD 40 million over the last six (6) months. Therefore, Company is in compliant with this Minimum Trading Price (“MTP”) requirement.

20. ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following Directors shall be seeking re-election at the next Annual General Meeting of Shareholders No. 01/2020 of the Company: Mr. Tang Kee Fei, Mr. Chalermchai Mahagitsiri and Mr. Jitender Pal Verma.

In compliance with Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing Manual, the following additional information of these Directors seeking re-election are as follows:

(a) Mr. Tang Kee Fei

Date of appointment	25 April 2017
Date of last re-appointment (if applicable)	Not applicable
Age	64
Country of principal residence	Singapore
The Board’s comments on this appointment on this re-election/appointment	<p>After reviewing the recommendation of the Nomination Committee (with Mr. Tang abstaining as the recommendation concerned himself) and Mr. Tang’s qualifications and experience (as set out below), the Board has confirmed Mr. Tang’s independence and approved that he stands for re-election as Non-Executive and Independent Director.</p> <p>Mr. Tang will, upon re-election, continue to serve as Chairman of the Audit Committee and a member of the Nomination Committee and the Risk Management Committee.</p>
Whether the appointment is executive, and if so, the area of responsibility	Non-executive
Job Title	<p>Non-Executive and Independent Director</p> <p>Chairman of the Audit Committee</p> <p>Member of the Nomination Committee</p> <p>Member of the Risk Management Committee</p>
Professional qualifications	Fellow Member, Chartered Institute of Management Accountants
Working experience and occupation(s) during the past 10 years	<p>2013-Present</p> <p>General Manager, Asiatech Energy Pte. Ltd. 1996-1996-2013</p> <p>Vice President, Finance, Creative Technology Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	None

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries)	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments (as defined in the Code) including directorships for the past 5 years	Other Principal Commitments: None Other Directorships: None
Other principal commitments (as defined in the Code) including directorships at present	Other Principal Commitments: None Other Directorships: None

(b) Mr. Chalermchai Mahagitsiri

Date of appointment	19 Jun 2012
Date of last re-appointment (if applicable)	24 Apr 2018
Age	41
Country of principal residence	Thailand
The Board's comments on this appointment on this re-election/appointment	After reviewing the recommendation of the Nomination Committee and Mr. Mahagitsiri's qualifications and experience (as set out below), the Board has approved that he stands for re-election as an Executive Director. Mr. Mahagitsiri will, upon his re-election, continue to serve as Executive Vice Chairman and a member of the Executive Committee and Risk Management Committee.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive
Job Title	Executive Vice Chairman Member of the Executive Committee Member of the Risk Management Committee
Professional qualifications	M.Sc. (Finance), Boston University B.Sc. (Finance), Suffolk University
Working experience and occupation(s) during the past 10 years	2012-Present President and CEO, Thoresen Thai Agencies Plc. 2005-Present CEO, PM Group Co., Ltd.
Shareholding interest in the listed issuer and its subsidiaries	10.65% direct and 58.22% deemed shareholding interest

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries)	Mr. Mahagitsiri is a major shareholder and President and CEO of Thoresen Thai Agencies Plc., a substantial shareholder.
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments (as defined in the Code) including directorships for the past 5 years	<p>Other Principal Commitments: None</p> <p>Other Directorships: Unique Mining Services Plc. Sino Grandness Food Industry Group Ltd. LYNN Phillips Asset Co., Ltd.</p>
Other principal commitments (as defined in the Code) including directorships at present	<p>Other Principal Commitments: None</p> <p>Other Directorships: Mermaid Subsea Services (UK) Ltd. Natural Aura Co., Ltd. Natural Drink Co., Ltd. Asia Infrastructure Management (Thailand) Co., Ltd. CM Corporate Co., Ltd. Siam Taco Co., Ltd. Four One One Ecommerce Co., Ltd. PTGC Co., Ltd. Thoresen Shipping (Thailand) Co., Ltd. Mermaid Subsea Services Saudi Arabia Co., Ltd. PMT Property Co., Ltd. Laser Game Asia Co., Ltd. TTA Suez Co., Ltd. Natural Bev Co., Ltd. Mermaid Subsea Services LLC Mermaid International Ventures Premo Shipping Plc. Thoresen Shipping FZE Mermaid Maritime Mauritius Ltd. Chidlom Marine Services & Supplies Ltd. Gulf Agency Company (Thailand) Ltd. GAC Thoresen Logistics Ltd. PH Macaron Co., Ltd. Athene Holdings Co., Ltd. Thoresen & Co. (Bangkok) Co., Ltd. Fearnleys (Thailand) Ltd. Asia Coating Services Co., Ltd. PMFB Co., Ltd. Thor Fortune Shipping Pte. Ltd. Thor Friendship Shipping Pte. Ltd. Thoresen Shipping Company Pte. Ltd. PM Thoresen Asia (Singapore) Pte. Ltd. Baconco Co., Ltd. Thoresen (Indochina) S.A. MTR-1 Co., Ltd.</p>

Other principal commitments (as defined in the Code) including directorships at present (cont.)	<p>PM Quality Food and Beverage Co., Ltd. Thoresen Shipping Singapore Pte. Ltd. Mermaid Drilling Co., Ltd. Asia Offshore Drilling Ltd. Asia Offshore Rig 1 Ltd. Asia Offshore Rig 2 Ltd. Asia Offshore Rig 3 Ltd. Mermaid Subsea Services (Thailand) Co., Ltd. Four One One (411) FUN Co., Ltd. MTR-2 Co., Ltd. Mermaid Subsea Services (International) Ltd. Coffee Gallery Co., Ltd. Soleado Holdings Pte. Ltd. Phaholyothin Garden Co., Ltd. Mountain Creek Development Co., Ltd. M Creek Land Co., Ltd. Sak Chaisidhi Co., Ltd. Four One One Entertainment Co., Ltd. PM Group Co., Ltd. PM Corp Co., Ltd. Lakewood Kitchen Co., Ltd. ACME Camps Co., Ltd. Lakewood Country Club Co., Ltd. Lakewood Land Co., Ltd. Quality Coffee Products Co., Ltd.</p>
---	---

(c) Mr. Jitender Pal Verma

Date of appointment	26 October 2016
Date of last re-appointment (if applicable)	24 April 2018
Age	56
Country of principal residence	Thailand
The Board's comments on this appointment on this re-election/appointment	<p>After reviewing the recommendation of the Nomination Committee (with Mr. Verma abstaining as the recommendation concerned himself) and Mr. Verma's qualifications and experience (as set out below), the Board has approved that he stands for re-election as a Non-Executive and Non-Independent Director.</p> <p>Mr. Verma will, upon re-election, continue to serve as a member of the Executive Committee and the Nomination Committee.</p>
Whether the appointment is executive, and if so, the area of responsibility	Non-executive
Job Title	<p>Non-Executive and Non-Independent Director Member of the Executive Committee Member of the Nomination Committee</p>
Professional qualifications	<p>Bachelor of Commerce (Honors), University of Delhi, India Fellow Chartered Accountant (FCA)</p>
Working experience and occupation(s) during the past 10 years	<p>2015-Present SEVP & Group CFO, Thoresen Thai Agencies Plc.</p> <p>2011-2015 Executive Director & CFO, Jindal Stainless Ltd.</p>

Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries)	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments (as defined in the Code) including directorships for the past 5 years	<p>Other Principal Commitments: None</p> <p>Other Directorships: Thainox Stainless Plc. Jindal Stainless Ltd. PMT Property Co., Ltd. Thoresen Shipping Singapore Pte. Ltd.</p>
Other principal commitments (as defined in the Code) including directorships at present	<p>Other Principal Commitments: None</p> <p>Other Directorships: PM Thoresen Asia Holdings Plc. PTGC Co., Ltd. Zamil Mermaid Offshore Services Company LLC Thoresen Indochina S.A. Thoresen Shipping (Thailand) Co., Ltd. Baconco Co., Ltd. PH Capital Co., Ltd. MTR-1 Co., Ltd. MTR-2 Co., Ltd. Seascope Surveys Pte. Ltd. Mermaid Subsea Services LLC Mermaid Subsea Services Saudi Arabia Co., Ltd. Mermaid Subsea Services (Thailand) Co., Ltd. Mermaid Subsea Services (International) Ltd. Petrolift Inc. Thoresen & Co. (Bangkok) Co., Ltd. Chidlom Marine Services & Supplies Co., Ltd. Gulf Agency Company (Thailand) Co., Ltd. GAC Thoresen Logistics Co., Ltd. Fearnleys (Thailand) Co., Ltd. Mermaid Drilling Co., Ltd. Soleado Holdings Pte. Ltd. Thoresen Shipping FZE</p>

In the additional disclosure table below, each Director is referred to by his initials as follows: Mr. Tang Kee Fei (“TKF”), Mr. Chalermchai Mahagitsiri (“CM”) and Mr. Jitender Pal Verma (“JPV”):

	TKF	CM	JPV
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

	TKF	CM	JPV
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

BUSINESS OVERVIEW

BUSINESS HIGHLIGHTS

The offshore services segment is the main operating business of Mermaid Maritime Public Company Limited (“Mermaid”), in which TTA holds a 58.22% stake as of 31 December 2019. Mermaid, commenced its operations in 1983, was partially acquired by TTA in 1995 and was successfully listed on the Singapore Stock Exchange (“SGX”) on 16 October 2007.

Mermaid is a leading international subsea and offshore drilling services company for major oil and gas companies or their contractors. Our corporate headquarters is in Asia (Thailand). We have operational bases in South East Asia, the Middle East and the North Sea.

Mermaid provides full turnkey services to oil and gas majors operating offshore through our diversified portfolio of subsea vessels, specialized diving equipment and remotely operated vehicles. 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 500 professional divers, drillers, technicians, surveyors, management and support staff. Our vision is to be a premium service provider to the offshore oil and gas industry and to constantly deliver enhanced return to our shareholders.

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

Strengthening our Core: In adhering to our “Strengthening our Core” strategy, we prioritized the safeguard to our home market and streamlined our internal processes. Key achievements in 2019 included securing a key IRM contract extension, rationalization of non-performing assets across our subsea services segments, qualifying as a decommissioning service provider, expanding into the offshore wind cable installation market, extensive consolidation and cost efficiency improvement while remaining a high quality of services.

Positioning for Growth: In furtherance to our “Positioning for Growth” strategy, we focused on a groundwork for new market expansion and cross selling of services through the value chain move to higher value engineering segments offering short and medium range turnkey contracts or lump sum contracts.

1. SERVICES AND FLEET STRUCTURE

(a) MERMAID SUBSEA SERVICES GROUP

Subsea Services

Mermaid’s subsea engineering centers around diving and remote intervention by unmanned submersibles (“ROV”). Its Subsea Division is represented by Mermaid Subsea Services (Thailand) and Mermaid Subsea Services (International) Ltd. Both subsea units are integrated and operate under the same brand “Mermaid Subsea Services”. A wide range of subsea engineering services are provided, including subsea installation engineering, offshore decommissioning, inspection, repair and maintenance, construction and installation support, commissioning, cable and pipe laying projects.

As of 31 December 2019, the subsea fleet consists of 7 subsea support vessels, 3 of which are specialized dive support vessels, and 15 ROV systems, including deep water and ultra-deep-water heavy construction class systems. Apart from its key assets, the Subsea Division has a workforce up to 500 professional engineers, divers, technicians, surveyors, HSE personnel, marine personnel and support staff to work on its subsea engineering projects in addition to a permanent workforce.

Fleet Services

All vessels are classified by DNV or ABS, which are two of the leading classification societies. All vessels are subject to regular inspection by class surveyors, in addition to regular dry-docking and other planned maintenance.

Another core competency for the Subsea Division is running its diving operations to world class standards, especially those set by the International Oil and Gas Producers Association (“OGP”).

Subsea Fleet List

No.	Name of Vessels	Vessel Type	Calendar Year	
			Build Year	Purchase Year
1.	Mermaid Endurer	DP2 Dive Support Vessel	2010	2010
2.	Mermaid Asiana	DP2 Dive Support Vessel	2010	2010
3.	Mermaid Commander	DP2 Dive Support Vessel	1987	2005
4.	Mermaid Sapphire	DP2 ROV Support Vessel	2009	2009
5.	Mermaid Siam	DP2 Construction Support Vessel	1991	2010
6.	Mermaid Challenger	General Utility Vessel	2008	2008
7.	S.S. Barakuda	General Utility Vessel	1982	2010

The following details the Subsea Division’s core services:

Exploration services	Pre-installation surveys, rig positioning and installation assistance, subsea equipment maintenance.
Development services	Installation of subsea pipelines, flow lines, control umbilical’s, manifolds, risers, pipe lay and burial, installation and tie-in of riser and manifold assembly, commissioning, testing, and inspection, offshore decommissioning, SURF and cable lay and connection.
Production services	Inspection, maintenance, and repair of production structure, risers, pipelines, and subsea equipment.

(b) ASIA OFFSHORE DRILLING LIMITED

Asia Offshore Drilling Limited (“AOD”) is a joint venture founded by Mermaid. It owns three modern high-specification jack-up drilling rigs, ‘AOD-I’, ‘AOD-II’ and ‘AOD-III’. All three rigs were delivered in 2013 and gainfully employed by a major NOC in the Middle East since 2013 to present. Mermaid has a 33.76% equity stake in AOD and the remaining 66.24% is owned by an affiliate of Seadrill Limited. The AOD business is managed by another affiliate of Seadrill Limited.

Drilling Rig Fleet List

No.	Name of Rigs	Rig Type	Calendar Year	
			Build Year	Purchase Year
1.	AOD-I	Premium Jack-Up Rig	2013	2010
2.	AOD-II	Premium Jack-Up Rig	2013	2010
3.	AOD-III	Premium Jack-Up Rig	2013	2011

Drilling rigs require classification from a recognized classification society which classifies them based on structural integrity and safety. AOD’s jack-up rigs are all ABS classed.

Fleet Services

In 2019, AOD was awarded three-year service contract extensions from its existing customer thus assuring their continued employment. All three jack-up drilling rigs have delivered exemplary operating results with overall utilization exceeding 99% in 2019 due high operating performance and limited downtime.

AOD's three jack-up drilling rigs are from the Mod V-B Class design, which is understood to be the preferred jack-up rig design by major drilling companies and used by oil companies in all shallow water areas of the world. The rigs are designed for year-round operations in the areas of Gulf of Mexico, Indian Ocean, Southern North Sea, Coast of Middle East, Offshore India, Offshore Australia, Offshore New Zealand, and Offshore South East Asia.

2. MARKETING AND COMPETITION

Subsea and Drilling Services Clients

Major National and International oil and gas producers and suppliers, pipeline transmission companies, and offshore engineering and construction firms trust Mermaid as their partner in our regional markets of Middle East and South East Asia. In 2019, Mermaid delivered subsea services to various clients in both key regions.

Clients in the Middle East remain a major contribution to Mermaid's business. A key diving contract secured in 2013 through the Company's Middle East joint venture, Zamil, Mermaid continues to buoy Mermaid's revenues and returns and will continue to do so until end of 2022 after securing a three-year contract extension in 2019.

Mermaid's strategy "Positioning for growth" is expected to pace regional market expansion into other markets for the Subsea Division such as North Sea, West Africa and Mediterranean over the next few years.

Maximize vessel utilization continues as one of top priority while at the same time, cross selling of services through the value chain and longer contract durations in growth areas e.g. North Sea, South East Asia, and the Middle East.

AOD's three jack-up drilling rigs continue to serve one of the largest national oil companies in the world. 'AOD-I' and 'AOD-III' have service contracts until 2022 while 'AOD-II' has a service contract until 2023.

Competition

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

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

INDUSTRY OVERVIEW

INDUSTRY OUTLOOK

1. 2019/2020 – GLOBAL PANDEMIC & PRICE WAR

Whilst the outbreak of the virus pandemic (COVID-19) continues to impact globally, the oil price war between Russia and Saudi Arabia has added a major uncertainty to the oil market outlook. In March 2020, global oil demand is expected to contract for the first time since the global recession of 2009.

According to Rystad Energy the outbreak of the coronavirus is forecasted to impact global exploration and production investments which may fall by around \$30 billion in 2020.

The month of April is expected to take the biggest hit, year-over-year global oil demand will fall nearly 16 million bpd, or 16%. Rystad said that “This downgrade takes into account developments which occurred recently such as the new quarantine lockdowns across the world.....”.

The immediate outlook for the oil market will ultimately depend on how quickly governments move to contain the coronavirus outbreak, how successful their efforts are, and what lingering impact the global health crisis has on economic activity.

No one expected or planned for an oil price of below \$30/barrel. Millions of extra barrels of oil have flooded the market in the past few weeks following the collapsed Opec+ talks and the crisis is being aggravated by the coronavirus pandemic, which has removed global energy demand on an unprecedented scale and could feasibly persist for months.

The resulting low oil price, compounded by the ongoing trade war between Russia and Saudi Arabia, has threatened earnings for extraction companies of all sizes. Large producers such as Chevron, Shell, Total SA, Equinor, Saudi Aramco amongst others are targeting on spending in only the projects offering the best returns whilst revising their 2020 forecast, projection and strategies including reduction in CAPEX and OPEX cost.

In March 2020, Brent crude oil prices fell below \$30/barrel, a 24% daily decline and the second largest daily price decline on record. Prices fell following the March 6th meeting between members of the Organization of the Petroleum Exporting Countries (OPEC) and its partner countries, which ended without an agreement on production levels amid market expectations for declining global oil demand growth in the coming months.

As a result of the outcome of the OPEC meeting, EIA's forecast assumes that OPEC will target market share instead of a balanced global oil market. The EIA forecasts OPEC crude oil production will average 29.2 million barrels per day (b/d) from April through December 2020, up from an average of 28.7 million b/d in the first quarter of 2020. OPEC crude oil production will rise to an average of 29.4 million b/d in 2021.

EIA has forecasted Brent crude oil prices will average \$43/b in 2020, down from an average of \$64/b in 2019. For 2020 it also expects prices will average \$37/b during the second quarter and then rise to \$42/b during the second half of the year. For 2021 EIA has forecasted that average Brent prices will rise to an average of \$55/b, as declining global oil inventories put upward pressure on prices. The West Texas Intermediate (WTI) spot is expected to average £45/b in 2020 and £47/b in 2021.

(Source: www.eia.gov & Rystad Energy)

Forecasts for average Brent oil price in 2020 are as tabulated below.

No.	Forecaster Name	2020 Brent Price Forecast
1.	Goldman Sachs	US\$30
2.	JP Morgan	US\$30
3.	S&P Global Platts	US\$30
4.	Morgan Stanley	US\$20
5.	Reuter poll	US\$30
6.	WSJ poll	US\$30

(Source: oilprice.com)

2. THE OFFSHORE OIL AND GAS SECTOR

Looking forward Mermaid will be taking a cautionary position as lower oil prices will push the global service market into a possible recession in 2020 after three successive years of growth.

Rystad Energy has forecasted a 4% decline in global oilfield service revenue if oil prices stay flat. Lower oil prices call for negative growth in the service market in 2020 which means that the three-year growth story will be impacted regardless of which market segment.

Looking at the various market segments, the shale industry will likely drag down oilfield service purchases as it contracts by 6%. Offshore will fall 1% as oil companies cut brownfield and exploration activity to reduce spending. Other onshore activity will see revenues slashed by around 5% as OPEC scales back investments to curtail output.

Due to existing backlog, some service segments may still realize positive revenue growth. Subsea equipment, SURF (subsea umbilicals, risers, and flowlines) and decommissioning activities may still accelerate in 2020, but growth will fall from the double-digits to the single-digits. In 2021, the long cycle effects manifesting into a greenfield, exploration and brownfield wave may come into play and initiate a 5% growth as the oil market sees relief and investments follow.

Depending on the outcome of pandemic and the current price war, offshore market segments in 2023 may grow. Subsea purchases, construction and installation, and equipment may see an increase due to the influx of offshore and subsea development projects.

SUBSEA SERVICES

1. THE SUBSEA MARKET

The market is currently fragmented, and the degree of fragmentation will accelerate during the forecast period. Although the rise in Deepwater and ultra-Deepwater E&P activities will offer immense growth opportunities, fluctuating crude oil prices and the current global pandemic owing to cancellation or delay of oil and gas drilling activities will challenge the growth of the market participants.

It has been reported that the offshore and onshore conventional service market in 2020 was forecasted to benefit from increasing project sanctions, the total value of which was expected to grow to as much as US\$225 billion in 2020 from US\$200 billion in 2019.

With the ongoing pandemic coupled with the oil price war between Saudi Arabia and Russia, forecast and projection remains fluid which ultimately required close monitoring and revision from time to time due to the extraordinary uncertainty clouding the immediate outlook for the global oil market both on the demand and supply sides.

(Source: Rigzone & Rystad Energy)

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.

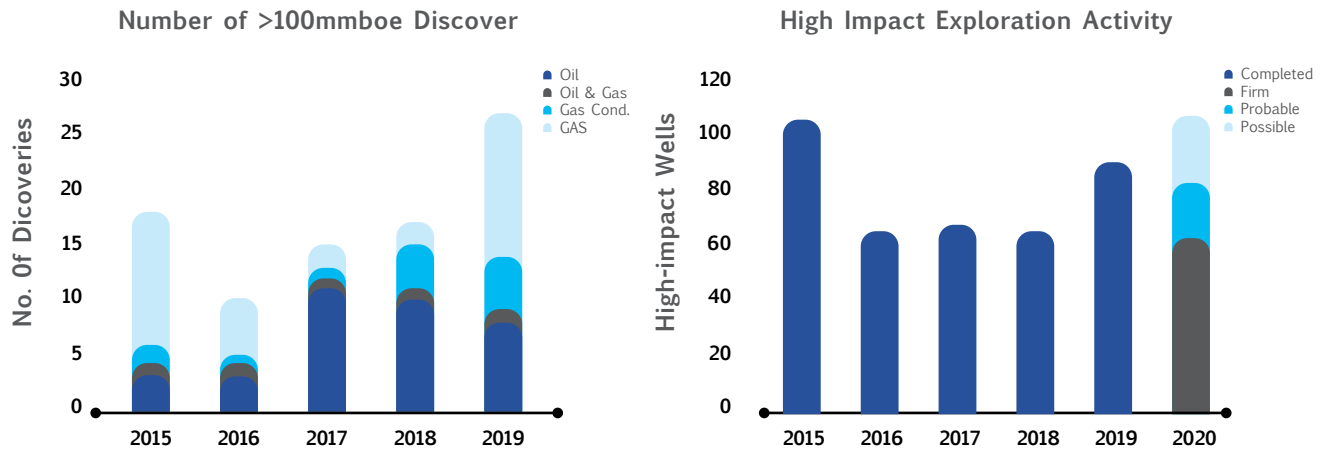
Generally, dive support vessels (DSV) within the offshore industry can range from converted vessels fitted with rudimentary air diving spreads to purpose-built vessels fitted with extensive and complex saturation diving system. ROV support vessels can include vessels fitted with portable launching systems, 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.

OFFSHORE DRILLING – SLIGHT IMPROVEMENT

1. THE OFFSHORE DRILLING MARKET

According to reports the Energy Transition and Extinction Rebellion may have led the energy news agenda and stimulated reflection in many E&P boardrooms in 2019, but the impact on exploration drilling is not yet apparent. The global high impact well count in 2019 was 91 wells, up 36% from 2018. Drilling spend was flat at US\$3.5 billion, however, as average well costs fell. Discovered commercial volume was the highest since 2015 at around 13 billion barrels of oil equivalent (boe) from the 27 high impact discoveries announced so far. The commercial success rate was at a 10-year high of 32%. This level of activity looks likely to be sustained through 2020.

77% of total estimated 13bn boe discovered was gas, with seven of the top ten discoveries being gas in Russia (2), Iran, Mauritania, Senegal, Indonesia and Cyprus. The two biggest oil discoveries were both in the Stabroek licence in Guyana, which at 6 billion barrels and counting, is one of the most prolific oil licences ever issued.



Commercial Discoveries of 100 Million Barrels of Oil Equivalent or Bigger 2015-19 and High Impact Well Count and Forecast for 2020

(Source: Westwood Analysis)

As has been reported by Westwood, 2019 was the year that North West Europe topped the charts for high impact drilling globally. This was extraordinary given the maturity of the plays in the UK and Norway. Unfortunately, and some would say predictably, only two high impact discoveries resulted from the 27 well programme – Glengorm in the UK and Liatårnet in Norway. This is a miserable success rate of only 7%. Two wells are still drilling and could yet deliver discoveries, but the low discovery rate should cause pause for thought and the high impact well count should drop in 2020.

Guyana topped the oil discovery charts again in 2019 with the Liza field coming onstream in December and another billion barrels added in the Exxon operated Stabroek licence with some more gas also. The five commercial discoveries in 2019 brought the total to 14. The Tullow operated JV made two play opening discoveries that first sounded promising but turned out to be heavy and sour, contributing to a dramatic fall from grace for Tullow with its share price crashing.

Already the oil volume discovered and planned for development is far more than the tiny economy of Guyana can handle and the pace may have to slow 2020 if Guyana is to cope. The industry will nonetheless continue to try to push the boundaries of the play beyond the Stabroek licence into both shallower and deeper Guyanese waters. The significant Maka Central discovery operated by Apache and announced in January 2020 looks to be the first commercial discovery outside of Stabroek, extending the play into neighbouring Suriname.

In Mexico, the 5 high impact exploration wells completed by international oil companies (IOC) in 2019 failed to deliver a commercial discovery. In 2020 it should become clearer whether Mexico will deliver the bounty that IOCs hoped for with at least 10 wells operated by seven different IOCs testing over 2.5 billion barrels of un-risked prospective volume in a range of frontier and emerging plays. The geology is complex and mixed results can be expected.

Brazil is another country to watch in 2020 with one high impact well currently drilling and seven wells planned for 2020 in recently awarded licences testing 6 billion barrels of un-risked volume in pre-salt plays in the Santos and Campos basins, and the Ceara Basin. Exxon will operate its first two wells since its re-entry and Premier will operate its first well in the Ceara Basin. It's not going to be shooting fish in a barrel in the Santos Basin though with several wells being drilled outside the proven pre-salt play. The much anticipated Peroba well drilled in 2019 by BP, for which a US\$598 million signature bonus was paid in the 2017 bid round, is understood to have found high CO2 content gas and is considered non-commercial.

In Africa, high impact drilling remained subdued at 14 wells completed in 2019 but commercial success rates were high at 57% with over 3 billion boe discovered of which ~80% was gas. There was one frontier play opening gas condensate discovery at Brulpadda in South Africa and there were high impact discoveries in five other countries – Senegal, Mauritania, Nigeria, Angola and Ghana. In 2020, a similar number of high impact wells are expected spread across 10 countries with potentially six frontier play tests in Guinea Bissau, Kenya, Namibia and Gabon. Total is testing a new play concept at a well in Block 48, Congo Basin Angola, notable for being the deepest water exploration well ever at over 3600m.

In the emerging gas plays of the Eastern Mediterranean there were six wells drilled and two commercial discoveries delivering 5 tcf. Three of the six wells were drilled by TPAO, two of which were in the Cyprus area and were political rather than technical tests. Five wells testing 16 tcf of gas are planned in 2020 including Total's Byblos-1 well offshore Lebanon.

Drilling in Australasia is set to pick up in 2020 after a quiet 2019 with one potentially high impact gas discovery made in the onshore Perth Basin at the West Ereggulla well. In 2020 high impact drilling is mainly about gas with wells planned in Australia, New Zealand, PNG and Timor Leste testing over 10 tcf of gas most of which are testing frontier plays. South East Asia was quiet in 2019 with just three high impact wells and two high impact discoveries in Indonesia and Malaysia discovering 5 tcf of gas.

Based on current plans it looks like high impact drilling could be at a similar level in 2020 but with shift of focus to North and South America. Westwood estimates that industry drilling plans are weighted 70/30 oil to gas. Whilst recognising that the industry has had a habit of finding gas when looking for oil it doesn't seem the appetite for finding oil is diminishing. The four most active companies in 2020 are expected to be the European Supermajors Total, Equinor, Shell and ENI, each participating in 14 or more high impact wells. Whilst there has been much talk about the energy transition in 2019, there is little sign of its impact on exploration plans for 2020.

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.

Semi-submersible Rigs

A semi-submersible 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. Semi-submersibles 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.

3. THE JACK-UP DRILLING RIG MARKET

The expectation for jackups being used in the offshore drilling industry in 2020 is neutral, although, Rigzone claims that the demand will plateau in Europe and farther east. In the North Sea, the demand for jackup rigs will climb slightly, but it will drop in other areas of the world. Rigzone claims that the demand for these types of rigs will remain stagnant for North America and South America in 2020 and 2021.

Research indicates that there will be more activity in South America in 2021. Rigzone believes that Exxon Mobil will add a few more floaters to their fleets. There's also a trend of new offshore drilling activity surrounding the country of Brazil. Rigzone suggests some additions to its fleet of drill ships, and the companies operating around Brazil are expected to add more semi-submersible platforms to their operations. These changes will depend upon how regulations mature within Brazil's governing channels.

The offshore drilling industry is becoming more popular off the coasts of West Africa. Rigzone reports that offshore drilling ships will become more plentiful. However, there will be hardly any change in the number of semi-submersible platforms that operate in the area. Rigzone also reports that Nigeria and Angola will experience the beginning of "long-term developments" in offshore drilling.

There have been some exploratory measures in the recent past that will cause the trend of floaters in the waters around the Gulf of Mexico to increase in 2020. Trinidad should see a slight increase in drilling in the next few years. Rigzone claims that the drilling procedures surrounding these areas will depend upon "the success of new exploration campaigns."

Offshore drilling operators are expected to cut costs to maintain their current operations in the next year. MSN Money has reported that operators are expected to increase their efficiency levels as well. The low cost of operating efficient rigs will reflect upon profits shared between all parties.

The price of current assets involved in offshore drilling is expected to remain the same until 2021. According to recent reports, there won't be any major repricing in the upcoming year. This does not mean that there won't be major negotiations being conducted in the industry. However, the industry prognosis indicates that there are going to be few changes to the number of actual rigs in commission, so activities will be centered around those with the money to make decisions about where to drill. Seeking Alpha speculates that the financiers are having their own challenges putting money together. There is also an issue with many of the drillers handling their current levels of debt.

(Source: Rigzone, seeking alpha & LinchpinSEO)

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, Middle East and now the North Sea, Mermaid plays a pioneering role in the global subsea markets. Mermaid has the ability provide a subsea engineering 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, coronavirus impact, 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 below:

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 Europe, 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 a 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 IRM, subsea engineering, SURF and cable installation markets.

TRACK RECORD OF QUALITY AND SAFETY, MODERN ASSET BAS

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 15 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 2020 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 Federation of Accounting Professions (“FAP”). To analyse the Group’s financial performance, a variety of financial and operational terms and concepts have been used including the following:

- **Calendar-vessel-days:** Calendar-vessel-days are defined as the total number of days during which the vessels have been owned and/or operated by the Group.
- **Available days:** Available days are defined as the number of Calendar-vessel-days less the total number of days that the vessels 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 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 must be cyclically dry-docked for inspection, repairs and maintenance, and any modifications to fulfill industry certification or government requirements. Generally, the vessels 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 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 useful life are expensed during the quarter in which they are incurred.
- **Depreciation:** The reduction in value of the vessels is computed on a component basis, whereby each major component of a vessel 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 2019 financial numbers, the exchange rate of Baht 30.1540 and Baht 31.0476 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. 2018 and 2019) 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, Mermaid Subsea Services (International) Ltd. in Seychelles, Mermaid Subsea Services LLC in Qatar and Mermaid Subsea Services Saudi Arabia Co., Ltd. (collectively “Subsea Group”).

SUBSEA IRM AND SURVEY WORKS

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

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

Unit: Days

Calendar-Vessel-Days	FY2019		FY2018	
	No. of Days	% Change	No. of Days	% Change
Owned Vessels	2,463	-3.60%	2,555	0.00%
Chartered-in Vessels	0	-100.00%	212	-64.19%
Total	2,463	-10.99%	2,767	-12.07%

Calendar days of owned vessels were decreased from 2,555 days to 2,463 days in 2019. The calendar days of chartered-in vessels decreased by 100.00% mainly due to expiration of chartered-in vessel ‘Resolution’ in July 2018 and no new long-term chartered-in vessels in 2019.

TABLE 2: FLEET UTILIZATION FOR OFFSHORE SERVICE VESSELS

Unit: Days

Item	FY2019		FY2018	
	No. of Days	% Change	No. of Days	% Change
Calendar-Vessel-Days	2,463	-10.99%	2,767	-12.07%
Planned Off-Hire Days	44	-73.01%	163	1,258.33%
Available Days	2,419	-7.10%	2,604	-16.94%
Operating Days	907	14.81%	790	-27.46%
Fleet Utilization	37.49%	7.15%	30.34%	-4.40%

Revenue from rendering of services: Revenue from rendering of services grew 11.71% from US Dollars 94.8 million in 2018 to US Dollars 105.9 million in 2019. The increase was principally driven by higher fleet utilization from 790 operating days in 2018 to 907 operating days in 2019. As a result, total fleet utilization rose from 30.34% in 2018 to 37.49% in 2019. Average day rates increased from US Dollars 78.7 thousand in 2018 to US Dollars 83.7 thousand in 2019.

Costs of rendering of services: Recorded at US Dollars 109.1 million in 2019, costs of services, basically consisting of service expenses and depreciation, increased by 5.11% compared to US Dollars 103.8 million in 2018.

Service expenses: Service expenses increased 5.45% from US Dollars 86.2 million or equivalent US Dollars 31,151 per Calendar-vessel-day in 2018 to US Dollars 90.9 million or equivalent US Dollars 36,887 per Calendar-vessel-day in 2019. Service expenses as percentage of revenue decreased from 90.96% to 85.76% as a result of service revenue growth.

Depreciation: Depreciation expenses increased from US Dollars 17.6 million in 2018 to US Dollars 18.2 million in 2019 representing a 3.41% increase.

OTHER OPERATING RESULTS

General and administrative expenses: In 2019, general and administrative expenses were US Dollars 23.7 million. Administrative expenses as percentage of revenue dropped from 26.36% in 2018 to 22.33% in 2019 due to a decrease in employee benefit adjustment regarding to laws and regulation, professional fees and traveling expenses.

Impairment loss on asset: US Dollars 5.0 million was recorded as an impairment loss on two subsea vessels in 2019. This was recorded under general and administrative expenses.

Finance costs: The costs of finance were recorded at US Dollars 3.4 million in 2019, decreased from US Dollars 3.9 million in 2018 as a result of refinancing of long-term loan with new repayment terms and lower market interest rate.

Interest income: Interest income remained constant at US Dollars 0.7 million in 2019.

Foreign exchange gains (losses): Changes in foreign exchange rates resulted in US Dollars 226 thousand gains in 2019 compared to US Dollars 78 thousand gains in 2018.

Other income: Other revenues dropped from US Dollars 2.6 million in 2018 to US Dollars 0.9 million in 2019. The decrease was from the income derived from reversal of impairment losses on assets from disposal of tender assist drilling rigs 'MTR-1' and 'MTR-2' recorded in 2018.

Share of profits (losses) of associates: US Dollars 5.3 million was recorded as share of profits from investment in Asia Offshore Drilling Limited ("AOD")'s three jack-up drilling rigs 'AOD-I', 'AOD-II' and 'AOD-III', decreasing by 34.57% from profit US Dollars 8.1 million in the previous year. The main reason was an adjustment of internal bareboat chartered rate in 2019. In 2019, all three jack-up drilling rigs operated steadily and achieved overall utilization rates exceeding 99%. The share of losses from investment in PTGC Co., Ltd. ("PTCG") was US Dollars 5 thousand derived from administrative expenses.

Share of profits (losses) of joint venture: Share of losses from joint venture was recorded at US Dollars 0.5 million in 2019 whereas share of profits from joint venture was recorded at US Dollars 73 thousand in 2018. This resulted from an accounting adjustment in 2019.

Income taxes: In 2019, income tax expenses were US Dollars 0.6 million. A change of US Dollars 0.3 million from US Dollars 0.9 million in 2018 was primarily due to a decrease in deferred income tax and an adjustment of corporate income tax of 2017 which was made in 2018.

Based on the factors illustrated above, the Group reported net loss of US Dollars 24.2 million in 2019, which improved from net loss of US Dollars 27.3 million in 2018.

LIQUIDITY AND CAPITAL RESOURCES

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

TABLE 3: TOTAL CAPITALIZATION

Unit: US Dollars '000

Item	As at 31 December	
	2019	2018
Cash, cash equivalents, current investment and deposits		
Cash and cash equivalents	22,496	36,484
Current investment	12,207	18,036
Restricted deposits at financial institutions	11,268	14,550
Total cash, cash equivalents, current investment and deposits	45,971	69,070
Debt		
Short-term borrowings from financial institutions	244	-
Current portion of long-term borrowings (including finance leases)	11,953	15,937
Long-term borrowings (including finance leases)	43,846	51,875
Total Debt	56,043	67,812
Shareholders' Equity		
Ordinary shares, Baht 1 par value		
1,413.33 million shares issued and fully paid-up	47,322	47,322
Share premium on ordinary shares	343,536	343,536
Retained earnings (deficit)	(101,337)	(73,245)
Other components of equity	(2,528)	(2,725)
Total Shareholders' Equity	286,993	314,888
Total Capitalization	343,036	382,700
Total Debt to Total Capitalization	0.16	0.18

As at 31 December 2019, the Group's total cash and cash equivalents equaled US Dollars 46.0 million, a decrease of US Dollars 23.1 million from US Dollars 69.1 million as at 31 December 2018.

For the year ended 31 December 2019, the Company had net cash used in operating activities of US Dollars 2.4 million which is lower than the cash flow for the corresponding period ended 31 December 2018. This was mainly due to a decrease in accounts receivables collection.

The Company had net cash from investing activities in 2019 of US Dollar 4.4 million, primarily due to a proceed from sale of current investment of US Dollars 7.2 million, which was offset against an acquisition of current investment of US Dollars 2.0 million and an acquisition of property, plant and equipment and intangible assets of US Dollars 1.5 million.

The Company used net cash in financing activities of US Dollars 15.1 million in 2019 primarily for a repayment of long-term borrowings to financial institutions of US Dollars 12.0 million according to a repayment schedule and finance costs paid of US Dollars 3.4 million.

The Company had net cash effect from loss of control in a subsidiary during 2019 of US Dollars 1.1 million as a result of deconsolidating PT Seascope Surveys Indonesia from the consolidated financial statements of the Group.

As at 31 December 2019, the Company had a total debt of US Dollars 56.0 million, comprising of short-term borrowings from financial institutions of US Dollars 244 thousand and long-term borrowings from financial institutions of US Dollars 55,799 thousand. In comparison, as at 31 December 2018, the Company had a total debt of US Dollars 67.8 million, comprising of long-term borrowings from financial institutions of US Dollars 67,725 thousand and financial leases of US Dollars 87 thousand. Outstanding loans were obtained mainly for acquisitions of vessels, rigs and equipment.

CAPITAL EXPENDITURES

The major capital expenditure in 2019 was an investment in property, plant and equipment totaling of US Dollars 1.5 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.

A substantial part of the assets and liabilities of the Group are recognized in US Dollars.

INTEREST RATE RISK

The Group interest rate risk is primary exposed to changes in US Dollar interest rates because most 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.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The Group manages credit risk by considering and following credit policy for customers evaluation and monitored closely along with suitable resolution and instrument to reduce exposures.

LIQUIDITY RISK

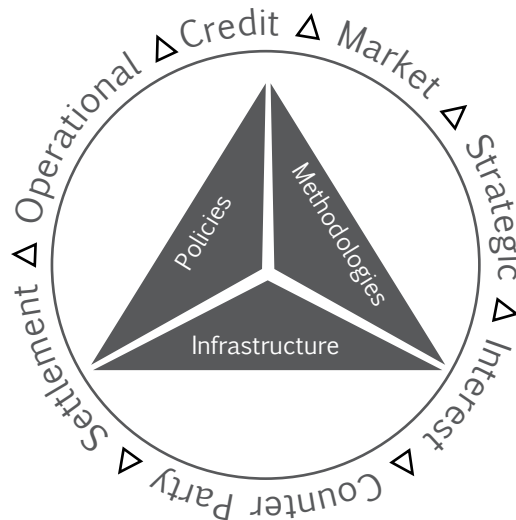
The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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 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 Corporate Governance, ISO31000 standards for Risk Management, COSO Enterprise Risk Management-Integrated Framework (2004) as well as the Guidebook for Audit Committees (2014).

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

KEY RISKS AND MITIGATION STRATEGIES

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

A) STRATEGIC RISKS

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

Growing the market on a global scale can mitigate the risk of each region. Some circumstances effect only in their area, so global expansion can avoid area-specific risk by having businesses in difference regions to support each other. Diversification of service offerings to customers based against expected emerging demand to generate additional streams of revenue is also another strategy to mitigate against downside earnings from existing services.

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

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

B) CREDIT RISKS

Credit default risks:

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

Concentration risk:

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

C) OPERATIONAL RISKS

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

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

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

In addition, to the extent possible, 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 human resources ("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 recent outbreak of the coronavirus disease 2019 ("COVID-19") is a recent example of an external event that has affected global oil demand and, following the inability of major oil producing nations to agree on revised production targets, led to an oil price crash in the month of March 2020. The World Health Organization declaring COVID-19 as a pandemic and its spread across various countries coupled with the challenges of medical treatment and government intervention to enforce containment continues to weight down the recovery outlook of the oil and gas industry and of the global economy.

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

INTRODUCTION

Mermaid Maritime Public Company Limited (from here on referred to as “Mermaid” or the “Company” and together with its subsidiaries the “Group”) is a leading international subsea services company headquartered in Thailand and with operational bases in Thailand, Singapore, Qatar, Saudi Arabia and the United Arab Emirates.

Mermaid subsea services provides subsea inspection, repair and maintenance services, light construction services and emergency repair and call out services globally. Mermaid’s fleet consists of vessels that it owns, and vessels that are chartered. In addition, it owns portable saturation diving systems, air diving systems, Remotely Operated Vehicles (ROVs), and inspection and survey equipment. The Company has the capability to serve customers across South East Asia, India, China, the Mediterranean, West Africa, the Middle East and the North Sea.

Mermaid is listed on the Singapore Stock Exchange and adheres to the Listing Rule 711A. Mermaid is pro-active in identifying key materiality issues as it provides the Company with the opportunity to increase its value, both in business and financial terms. Mermaid is of the opinion that focusing on material sustainability issues allows it to positively impact growth both in terms of profit and customers. Through this Environmental, Social and Governance (“ESG”) report (the “ESG Report”), Mermaid communicates the Group’s commitment to sustainable development and its key achievements, practices and management approaches to its target readers, and internal and external stakeholders.

ABOUT THE REPORT

This ESG Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) reporting framework. This ESG Report is in accordance with Listing Rule 711A and includes information addressing the requirements in Listing Rule 711B’s primary components:

- (a) Material environmental, social and governance factors;
- (b) Policies, practices and performance;
- (c) Targets;
- (d) Sustainability reporting framework; and
- (e) Board statement.

The boundary for the metrics and figures presented in the report is limited to the subsea services segment of Mermaid’s operations and it covers ESG factors relevant to Mermaid’s operations for the financial year ending December 2019 (“2019”). The ESG Report intends to support dialogue with Mermaid’s key stakeholders. In this year’s edition of its ESG Report, Mermaid continues to focus on communicating environmental, social and governance issues that are material to its performance.

BOARD STATEMENT

The board of directors of the Company (the “Board” or the “Directors”) considers both financial and extra-financial topics, such as ESG topics in the planning and development of its business strategy. The Board recognizes that a balanced performance on the economic, environmental and social aspects of the business is integral to the growth of the Company. Considering this, the Board provides the strategic direction and oversight for the management of sustainability issues.

In 2019, the Thailand Government’s performance on UN’s Sustainable Development Goals (SDGs) was commendable. This year, the Board engaged Trucost to conduct an exercise on the Company’s alignment to the SDGs with an aim to identify opportunities to contribute to the SDGs. This initiative supports the Thailand government’s notable progress on the SDGs. Creating positive and sustainable impact while continuing to drive engagement on sustainability issues is most material to the business. Mermaid recognizes the importance of good governance for continued growth and investor confidence. The Board strives to uphold sustainable business practices as these practices help Mermaid to capture and create value for its stakeholders. In order to be a trusted energy partner, Mermaid believes in conducting operations in an environmentally responsible manner and with respect and care for its employees. Mermaid has put in place a prudent governance framework that seeks to maintain integrity, responsibility, accountability and discipline in its business and operations.

This report outlines sustainability approaches embedded in Mermaid’s business operations and value chain. The report highlights the Company’s sustainability initiatives, best practices and performance in respect of ESG (environmental, social and governance) matters.

MATERIALITY AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Mermaid conducted its first materiality assessment in 2016-17 to identify impacts of the Company that are material to its stakeholders and to manage ESG risks and opportunities. Mermaid considered the ESG materiality both within its own operations and within its supply chain. To build on this Mermaid reviewed its material topics to identify impacts that are linked to the Sustainable Development Goals (“SDGs”) in order to prioritize SDG targets.

Mermaid’s material topics shortlisted in the materiality assessment in 2016-17 remain top priorities in the current financial year. These prioritized material aspects continue to drive the Company’s standards, procedures and technical controls. These issues and their corresponding SDGs have been organized under Exhibit 1. By mapping the linkages between Mermaid’s material topics and the SDGs, the Company aims to understand the relationship between the SDGs and the oil and gas industry, incorporate relevant SDGs into business operations, validate current efforts and encourage the exchange of new ideas to manage its impacts.

EXHIBIT 1: MATERIAL ISSUES AND THE SDGs RELEVANT TO MERMAID

TOPIC	RELEVANT SDG
GHG Emissions and Emissions to Air	SDG 13 : Climate Action
Water Consumption	SDG 8 : Clean water and sanitation
Chemicals Management	SDG 12 : Responsible consumption and production
Effluents and Waste	SDG 12 : Responsible consumption and production
Ecological Impact Management	SDG 14 : Life below water
Health, Safety and Emergency Management	SDG 3 : Good health and well-being SDG 8 : Decent work and economic growth
Employment Practices	SDG 5 : Gender equality SDG 8 : Decent work and economic growth
Anti-corruption	SDG 16 : Peace, justice and strong institutions

The SDG materiality and prioritization matrix highlight Mermaid's SDG risks exposure along with the importance of these SDGs to the Company considering financial materiality of SDG issues. The SDG Risk exposure is measured through Trucost's SDG – Extended Multiregional Input-Output Model and the financial materiality is assessed based on the Sustainability Accounting Standards Board materiality matrix for the primary operating sector – oil and gas exploration & production.

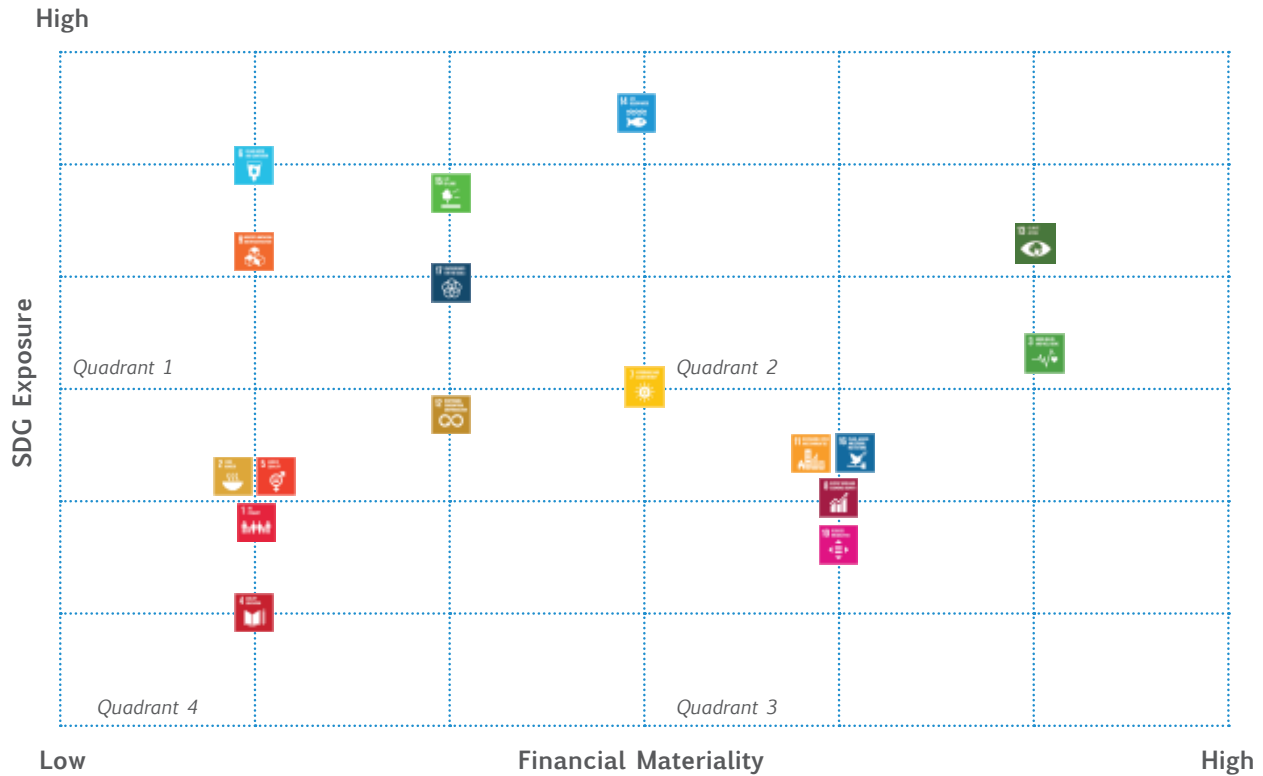
The materiality matrix, represented in Exhibit 2, reveals which SDGs represent risks of potential negative impacts and opportunities for Mermaid in the near term and can be interpreted as follows:

- High exposure / High materiality (Quadrant 2): Mermaid has a significant exposure to these SDGs and issues related to these SDGs are considered material by investors. These SDGs should be targets for Company improvement efforts in the near term. This includes SDG 3 (Good Health and Well-being), SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action) and SDG 14 (Life Below Water).
- High exposure / Low materiality (Quadrant 1): The Company has a significant negative impact on these SDGs but investors do not yet see these issues as material. The Company could prioritize these SDGs for action in the mid-term. This includes SDG 6 (Clean Water and Sanitation), SDG 9 (Industry, Innovation and Infrastructure) and SDG 15 (Life on Land),
- Low exposure / High materiality (Quadrant 3): The Company has lower exposure to these SDGs but they are also considered material by investors. These SDGs could represent lower priority topics for action for the Company in the near term. This includes issues linked to SDG 10 (Reduced Inequality), SDG 11 (Sustainable Cities and Communities) and SDG 16 (Peace and Justice Strong Institutions).
- Low exposure / Low materiality (Quadrant 4): The Company has a low impact on these SDGs which are also not considered material by investors. These may be lower priority issues for the Company such as SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 4 (Quality Education) and SDG 5 (Gender Equality).

The SDGs cannot be met without meaningful action by all stakeholders. Businesses in particular, have a strategic role in contributing to improved SDG performance. Mermaid recognizes the opportunity to contribute to the SDGs, either by way of mitigating negative impacts or by enhancing its positive contributions.

EXHIBIT 2: SDG MATERIALITY MATRIX

The chart below shows Mermaid’s application of the materiality principle in the context of SDGs based on the significance of financial materiality and its influence on exposure.



The following material topics and metrics are discussed under SDG 13 (Climate Action):

TOPIC	ACCOUNTING METRIC
GHG Emissions and Emissions to Air	Total fuel consumed by type/source, percentage used in operations and equipment, emissions by type.
	Description of strategy or plans to address emissions-related risks, opportunities and impacts and improve energy efficiency.

ENVIRONMENTAL IMPACTS: GHG EMISSIONS

Paris Agreement (2015), rising pressure from investors and increasing carbon prices has led companies to measure and report emissions to external and internal stakeholders. Mermaid has been reporting on emissions since 2016. Mermaid recognizes the need to demonstrate leadership on climate change and to measure the areas of its operations and value chain that have the greatest potential for emissions reduction.

Mermaid's operational greenhouse gas emissions is attributed to onsite energy use and business travel. The analysis covers warehouses & workshops, offices and vessel operations in Thailand, Singapore, Qatar, Saudi Arabia, UAE and others. Mermaid is committed to achieving energy performance improvement and adherence to ISO50001:2011 guidelines.

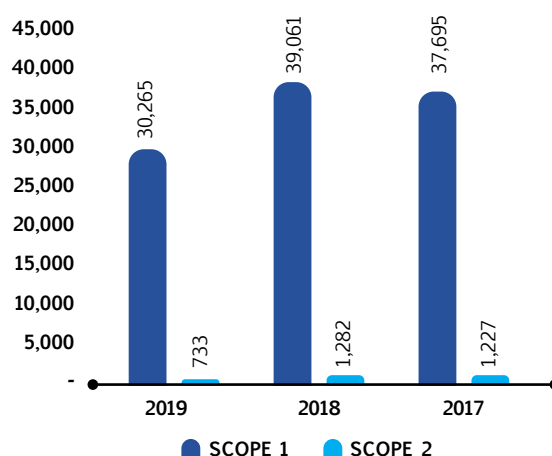
Exhibit 3 below details group GHG emissions. Exhibit 4 details year-on-year comparison of emissions. Exhibit 5 describes electricity consumption by source.

EXHIBIT 3: GROUP GHG EMISSIONS

	Units	2019	2018	2017
Purchased electricity	kWh	1,343,241	2,132,565	2,037,937
Total distance travelled	km	138,177	277,377	311,801
Scope 1	tCO ₂ e	30,265	39,061	37,695
Scope 2 (location-based)	tCO ₂ e	733	1,282	1,227
Scope 3 (business travel)	tCO ₂ e	24	29	N/A

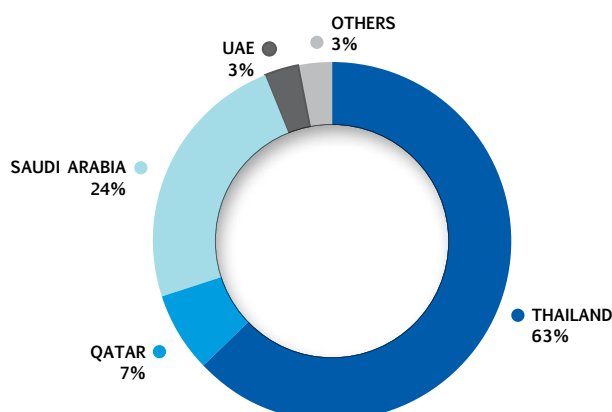
Fuel oil usage within the fleet and electricity generation through gas turbines and diesel engines has significant contribution towards Mermaid's operational emissions. Scope 1 emissions from direct operations represent 97% of the total GHG footprint and the remaining 3% is attributed to emissions from business travel and the usage of purchased electricity. Purchased electricity represents the next highest overall source of operational GHG emissions.

EXHIBIT 4: EMISSIONS, YoY COMPARISON



In comparison to 2018 and 2017, Scope 1 emissions have decreased by 23% and 20% respectively. This decrease is mainly attributed due to the increase in fuel oil consumption by Mermaid's vessels which decreased by 17% in comparison to 2018. Similarly, Scope 2 emissions has decreased by 43% and 40% when compared to 2018 and 2017 respectively. The decrease in Scope 2 emissions for the current reporting period is in line with the decrease in purchased electricity consumption (37%) in comparison to 2018.

EXHIBIT 5: ELECTRICITY USAGE BY SOURCE



ENVIRONMENTAL IMPACTS: EMISSIONS TO AIR

Emission of Nitrogen oxides (NO_x) and Sulphur Oxides (SO_x) to the atmosphere has detrimental effects on humans and the ecosystem. The potential environmental impacts include global warming, ozone depletion, acidification, etc. To further its effort to safeguard the environment, Mermaid has vessels installed with the equipment necessary to avoid pollution to air in compliance with the MARPOL guidelines. The International Maritime Organization regulates emissions of Ozone Depleting Substances (ODS), NO_x, SO_x and Volatile organic compounds (VOCS) from ships through MARPOL 73/78 Annex VI. Adhering to MARPOL guidelines, Mermaid's Pollution Prevention Protocol sets boundaries and requirements for company equipment to limit emissions of certain key pollutants. These include:

- **Nitrogen oxides (NO_x)** – diesel engine usage is prohibited unless NO_x emissions are within the g/kWh limits for rated engine speed as defined within the MARPOL (International Convention for the Prevention of Pollution from Ships) Annex VI NO_x Technical Code. When using fuel composed of blends from hydrocarbons derived from petroleum refining, test procedure and measurement methods shall be in accordance with the NO_x Technical Code, taking into consideration the Test Cycles and Weighting Factors.
- **Sulphur oxides (SO_x)** – 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 onboard ships is monitored and SO_x Emission Control Areas are observed under MARPOL – Sulphur content under these areas may not exceed 1% m/m.

Mermaid's fleet consumed 9,692 m³ of fuel oil for electricity generation on ships in 2019. In comparison to 2018, fuel oil consumption decreased by 17%. This is mainly due to decrease in vessel charter and utilization in 2019. Additionally, Mermaid also focused on improving awareness on the benefits of energy efficiency which also resulted in the decrease in fuel oil consumption. Fuel oil consumption has resulted in 1,061 tonnes of SO_x emissions and 1,108 tonnes of NO_x. Exhibit 6 below details fuel usage and associated air pollutants.

EXHIBIT 6: FUEL OIL USAGE AND ASSOCIATED AIR POLLUTANTS

	Units	2019	2018	2017
Fuel Oil Consumption	m ³	9,692	11,697	10,971
SO _x	Tonnes	1,061	1,247	1,199
NO _x	Tonnes	1,108	1,302	1,221



The following material topics and metrics are discussed under SDG 6 (Clean Water and Sanitation):

TOPIC	ACCOUNTING METRIC
Water Consumption	<p>Average volume of freshwater used per volume of gas or oil extracted by (1) fresh water (2) recycled water.</p> <p>Description of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts.</p>

ENVIRONMENTAL IMPACTS: WATER CONSUMPTION

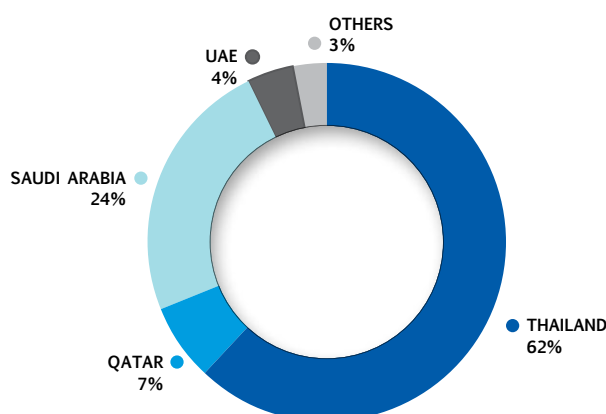
Managing the energy-water nexus is set to become important for a successful realization of climate goals. In accordance with SDG 6 (Clean Water and Sanitation), Mermaid manages its water footprint by both ensuring the efficient usage of water and the management of produced wasted water. In the future, Mermaid plans to look at ways to further reduce its dependency on freshwater and support industry efforts to identify new water treatment technologies.

Since Mermaid operates in the subsea services segment, much of the water consumed in Mermaid's operations is seawater. The volume of freshwater consumption in Mermaid warehouse operations for 2019 is 3,605 m³, and for its vessel operations is 4,803 m³. Of the total consumption, 57% was consumed by Mermaid Vessels (Endurer, Asiana and Sapphire) and the remaining 43% was consumed by its warehouses. There is a significant decrease in Mermaid's water consumption for its warehouse operations in comparison to the previous years and this can be attributed to the discontinuance of control and hence coverage of operations in Indonesia. Exhibit 7 below details purchased water consumption and Exhibit 8 details water consumption by geography for Mermaid's warehouses.

EXHIBIT 7: SUPPLIED WATER CONSUMPTION

	Units	2019	2018	2017
Purchased water consumption	m ³	3,605	7,456	8,219

EXHIBIT 8: WATER CONSUMPTION BY GEOGRAPHY FOR MERMAID WAREHOUSES





The following material topics and metrics are discussed under the SDG 12 on Responsible Consumption and Production:

TOPIC	ACCOUNTING METRIC
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.

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

In accordance with SDG 12 (Responsible Consumption and Production), Mermaid is conscious of the need to preserve the marine environment. The Company generates both hazardous and non-hazardous waste. It adheres to ISO14001 requirements and guidelines for vessel-specific garbage management plans. Additionally, the Company operations and vessel procedures are aligned with Annex V of MARPOL 73/78 on the prevention of pollution from waste management.

The procedure for management of waste produced during vessel operations is divided into the following activities: reviewing the facilities from where waste is generated, the types of waste generated, waste collection, processing and storage of waste generated, recording the waste quantities, and finally disposal of waste through appropriate channels. The method of waste disposal is dependent upon the nature of the waste, the facilities, and the availability of suitable reception facilities and the sensitivity of the area of operation.

Under Mermaid's pollution prevention policy, the Company provided protective containers or skips to its vessels such that pollution caused by the discharge of chemicals, plastics, including synthetic ropes, synthetic fishing nets and plastic garbage bags, is prevented. Mermaid's waste impacts predominantly occur within its vessel fleet, where 474 tonnes of waste was generated in 2019. These 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 110 tonnes of sludge). The fleet also disposed of relatively large amounts of plastic (135 tonnes) and paper waste (39 tonnes). The bulk of waste is disposed of onshore and goes to landfill, or in the case of scrap metal, collected for reuse by an onshore contractor. In 2019, the total waste generated increased by 7% from 561 tonnes in 2018 to 600 tonnes. Exhibit 9 below describes vessel waste type by volume and disposal pathway.

EXHIBIT 9: VESSEL WASTE VOLUMES BY TYPE AND DISPOSAL METHOD

Waste type	2019 (tonnes)	2018 (tonnes)	2017 (tonnes)	Disposal method
Sludge	110	82	149	Treated
Bilge water	70	55	89	Onshore processing
Waste Oil	71	49	38	Onshore processing
Plastic	135	57	50	Onshore processing
Paper	39	52	44	Onshore processing
Food waste	44	28	25	Onshore processing
Metals	5	13	21	Onshore processing
Soda lime	9	10	12	Onshore processing
Wood	6	10	9	Onshore processing
Electronic waste	0.3	2	2	Onshore processing
Paint and paint waste	2	1	1	Onshore processing

In addition to vessel waste, 125 tonnes of office waste was generated in 2019, which represents 21% of the total waste generated in the reporting period. This represents a mix of domestic waste categories such as food, paper, plastic and other daily use wastes.



The following material topics and metrics are discussed under the SDG 14 (Life Below Water):

TOPIC	ACCOUNTING METRIC
Ecological Impact Management	Description of strategy or plan to address risks and opportunities relating to ecological impacts from core activities.

ENVIRONMENTAL IMPACTS: ECOLOGICAL IMPACTS

In accordance with SDG 14 (Life Below Water), Mermaid's subsea vessels and subsea equipment ensure the prevention of marine pollution of all kinds, including significant reduction of exposure of marine debris and nutrient pollution. For 2019, Mermaid maintained the same result as 2018 with no significant spills recorded from all its operations in Thailand, Singapore, Qatar, Saudi Arabia and the United Arab Emirates.

Through its corporate social responsibility activities, the Company is working to actively contribute to conservation of the marine environment. In 2019, Mermaid's parent Company (Thoresen Thai Agencies Public Company Limited or "TTA") was involved in The Forest Rehabilitation Project. The TTA team, led by 80 TTA executives and staff, cooperating with Baan Din Thai volunteer network, united together to organize the forest rehabilitation, salt lick and check dam construction project to commemorate His Majesty King Maha Vajiralongkorn Phra Vajira Klao Chao Yu Hua (Rama X) on the occasion of his 67th birthday anniversary on 28 July 2019 at the Nong Yao Forest Protection Unit, Pachee River Wildlife Sanctuary, Ratchaburi Province in Thailand. Every volunteer cultivated a great number of trees, made an artificial salt lick –a vital mineral resource for wildlife –and built check dams to mitigate strong water current. This activity helped balance the area's biodiversity and promoted natural resource conservation.



The following material topics and metrics are discussed under the SDG 3 (Good Health and Well-Being); SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice and Strong Institutions):

TOPIC	ACCOUNTING METRIC
Health, Safety and Emergency Management	(1) Total Recordable Injury Rate (TRIR), (2) Fatality Rate, (3) Near Miss Cases, and (4) Total Vehicle Incident Rate (TVIR). 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 labor) relating to (1) Working conditions, (2) Working hours, (3) Compliance to labor laws.
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.

SOCIAL IMPACTS: ONSITE HEALTH AND SAFETY MANAGEMENT

Mermaid is committed to safety, the prevention of injury or loss of life, the protection of its employees, the environment and all personnel directly employed or subcontracted who work within the framework of the Company and its subsidiaries. The Company has a Safety, Health and Environment Policy. A chart outlining the relevant KPIs for Mermaid's safety performance in 2019 is detailed in Exhibit 10. Maintaining a safe and conducive work environment for employees is carried out by developing a strong and visible leadership, maintaining reliable health and safety management systems, integrating risk management processes and developing a health and safety culture starting with encouraging safety behavior in day to day operations.

In accordance with SDG 3 (Good Health and Well-being) and SDG 8 (Decent Work and Economic Growth), 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. Mermaid is also an accredited IMCA Member for its diving, marine, remote systems and remote operated vehicles, as well as bell and saturation diving activities.

Mermaid aims to continue to maintain the highest safety standards with continuous efforts from all its stakeholders. This ensures that all employees and contractors strive for excellence in their own personal safety. The Total Recordable Injury Rate (TRIR) for 2019 is 0.92. There were 8 Near Miss Cases recorded and zero fatalities or vehicle incidents in 2019 to date. Unfortunately, the TRIR increased in comparison to 2018 due to an increase in the number of injuries and cases that required medical treatment. All incidents were carefully addressed with due investigation and reporting. In the future, Mermaid plans to periodically conduct health & safety assessments and reviews to get an assurance on the operations of the SHEQS management system.

EXHIBIT 10: HEALTH AND SAFETY KEY PERFORMANCE INDICATORS

OSHA Indicator	2019	2018	2017
Total Recordable Injury Rate	0.92 (10 cases x 200,000 / 2,185,326 man-hours)	0.51 (6 cases x 200,000/ 2,368,292 man-hours)	1.29 (13 cases x 200,000 / 2,004,403 man-hours)
Total Fatality Rate	0	0	0
Near Miss Cases	8 cases	10 cases	8 cases
Vehicle Incident Rate	0	0	0

SOCIAL IMPACTS: DIVERSITY AND INCLUSION

Employees are the driving force of Mermaid's workplace in which teams can come together and work toward ambitious goals. Mermaid is committed to encouraging equality and diversity among its workforce and eliminating unlawful discrimination. In 2019, Mermaid established an 'Anti-Harassment and Discrimination' policy. The policy opposes and avoids all forms of unlawful discrimination or bullying on the grounds of gender, gender identity, race, religion, nationality, disability, and age.

Women make up 35% of Mermaid's global workforce, and men 65%. Mermaid's representation of gender diversity is presented in Exhibit 11. Mermaid strives to focus on reaching greater workforce representation of women globally. In terms of diversity of nationality, Mermaid's workforce represents employees belonging to more than 15 different nationalities. The Company's global representation of the workforce nationality of its employees is presented in exhibit 12. Age diversity is another area of focus for Mermaid – 77% of employees fall within the 30-50 age category, with a comparatively smaller proportion of employees under 30 and over 50. This is partly attributable to the specialist nature of the business and its services. Management diversity is another issue of key importance to the sector, in terms of ensuring an adequate breadth of experience, whilst continuing to ensure that management selection is based on merit. In FY2019, Mermaid's management was 93% male and 7% female in composition, with 64% of the management aged 30-50 and 36% over 50.

EXHIBIT 11: GENDER DIVERSITY OF EMPLOYEES

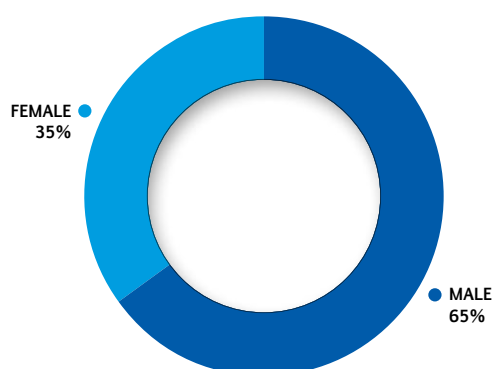
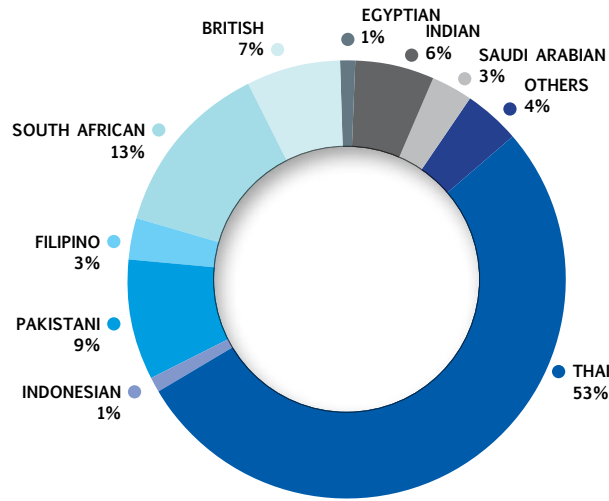
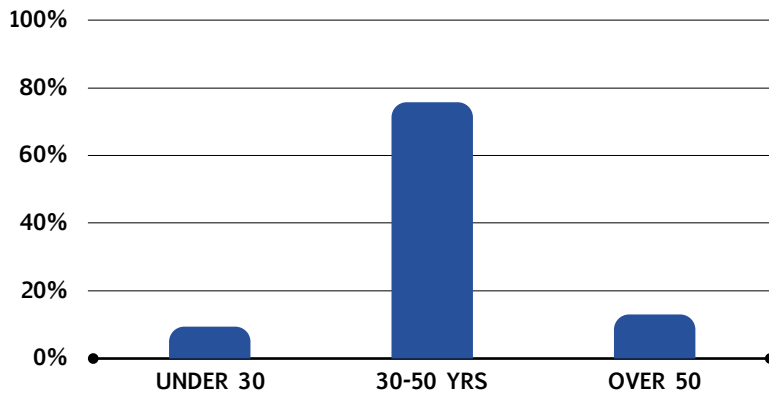


EXHIBIT 12: DIVERSITY BY NATIONALITY



Others* represent employees belonging to the following nationalities; Singaporean, Croatian, Syrian, American, Sudanese, Sri Lankan, New Zealander.

EXHIBIT 13: DIVERSITY BY EMPLOYEE AGE GROUP



SOCIAL IMPACTS: TRAINING AND DEVELOPMENT

Mermaid recognizes that training and education form an important part in the development of employee skills and supporting career development. In 2019, Mermaid rolled out a ‘Training and Development’ policy that will guide the Company’s efforts to helping individuals and the Company achieve its goals. As per the policy, employees are provided with on-going learning opportunities in line with their roles, and career aspirations. Employee 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. In 2019, Mermaid organized training programs in the following areas; technical, professional, safety and emergency preparedness, environmental awareness, computer communication skills, management and supervisory training. In 2019, the Company spent 50,613 USD on training employees and contractors. Mermaid plans to enhance its training programs to ensure its employees are up-skilled and have the relevant credentials and capabilities to perform efficiently and effectively in their respective roles. Additionally, to support career development Mermaid conducts yearly performance reviews for all its employees. These reviews are backed by procedures to evaluate employees fairly, and to identify development opportunities.

GOVERNANCE: EMPLOYMENT PRACTICES

The Company introduced a number of detailed policies in 2019 applicable to Mermaid vessels and shore-based operations. For example, the Company's 'Industrial Relations' policy serves to comply with the requirements of the labor laws prescribed in each geography. These in turn enhance stringent management actions such as co-operating effectively with the appropriate labor bodies, employee representative bodies and grievance redressal groups. The Company's policy on fatigue establishes that the maximum period that can be worked offshore by any senior employee or contractor will 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 recognize signs of sleep deprivation or fatigue.

GOVERNANCE: BUSINESS ETHICS

Good corporate governance practices such as anti-corruption and fraud prevention are of high priority on the Company's agenda. Mermaid established an anti-corruption policy governed by its Board of Directors and its Executive Committee. The policy sets out in practical terms the responsibilities of employees in maintaining zero-tolerance against all forms of corruption and bribery. The anti-corruption policy also serves as guidance to recognize, resolve and prevent instances of corruption and bribery that may arise in the course of work.

TARGETS AND POLICIES

ENVIRONMENTAL:

TARGET AREA	ADOPTION		
	PHASE 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Reducing NOx and SO ₂ emissions from fuel oil	<p>Ensure all engines meet Tier II NOx standards and 2020 IMO targets for Sulphur content of fuel (0.5%).</p> <p>Status: Target met</p> <p><i>Mermaid's vessels meet the meet Tier II NOx standards and 2020 IMO targets for Sulphur content of fuel (0.5%).</i></p>	<p>Ensure all engines meet Tier III NOx standards and 2020 IMO targets for Sulphur content of fuel consistent with ECA in all regions (0.1%).</p>	<p>Implement exhaust gas cleaning system to limit SO₂ emissions to below 6g/kWhr and explore LNG use to abate NOx and CO₂ emissions.</p>

TARGET AREA	ADOPTION		
	PHASE 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Sludge generation and disposal	<p><i>Ensure all sludge is collected and treated rather than incinerated.</i></p> <p>Status: In progress</p> <p><i>Mermaid collected and treated majority of the sludge generated in 2019. However, a small proportion of the sludge generated was incinerated onshore due to the lack of an available agency to manage the treatment of the sludge in some areas.</i></p>	<p>Implement a sludge management plan for all vessels to ensure sludge generation is reduced by 25% on the 2017 baseline.</p>	<p>Explore energy recovery from sludge.</p>
Energy demand reduction on vessels	<p>Achieve a 5% reduction in energy consumption by the vessel fleet.</p> <p>Status: Target met</p> <p><i>Mermaid achieved a 17% decrease in fuel and energy consumption of its vessel fleet.</i></p>	<p>Achieve a 10% reduction in energy consumption by the vessel fleet.</p>	<p>Achieve a 15% reduction in energy consumption by vessel fleet in line with ETI targets.</p>
Measure and mitigate impacts on the marine environment	<p>Undertake a Strategic Environmental Assessment (SEA) of operational impacts on marine ecology.</p> <p>Status: Delayed</p> <p><i>Mermaid has a responsible team to monitor and manage environmental impacts. As a best practice, the company plans to consider the implementation of SEA of operational impacts on marine ecology in the current financial year.</i></p>	<p>Ensure 1 FTE employee is assigned to assessing impacts from subsea and other operations on marine ecology.</p>	<p>Ensure 2 FTE employees are assigned to measuring and mitigating ecological impacts from Subsea Services.</p>

SOCIAL:

TARGET AREA	ADOPTION		
	PHASE 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Employee upskilling	Achieve a 5% man-hours 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.
	<p>Status: Target met</p> <p>Mermaid achieved its target by imparting trainings in the following areas; technical, professional, safety and emergency preparedness, environmental awareness, computer communication skills, management and supervisory training.</p>		
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.
	<p>Status: In progress</p> <p>In the past year, hiring took place to fill positions of experienced hires only. The company plans to take forward the representation of junior staff on a need basis.</p>		

GOVERNANCE:

TARGET AREA	ADOPTION		
	PHASE 1 (2019)	PHASE 2 (2020)	PHASE 3 (2025)
Management diversity	<p>Ensure any changes to top management composition work to increase female representation.</p> <p>Status: In progress</p> <p>In 2019, there was only one new hire in the management category. Mermaid's policies ensure that the recruitment process is fair to all genders.</p>	<p>Increase female top management membership year on year.</p>	<p>Ensure 25% of top management is female.</p>
Business ethics	<p>Ensure all existing and incoming staff are provided with a training on Mermaid's Global Anti Bribery and Corruption policies.</p> <p>Status: In progress</p> <p>Mermaid plans to conduct a training on Anti Bribery and Corruption in the near future. In 2019, the company focused on creating awareness on this topic and encouraged employees to be cognizant of its importance to Mermaid.</p>	<p>Produce awareness materials for suppliers of Mermaid's Global Anti Bribery and Corruption policies.</p>	<p>Develop a screening checklist of Bribery and Corruption concerns for suppliers, including assessment of compliance with the Modern Slavery Act.</p>

MERMAID MARITIME PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

AND INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Mermaid Maritime Public Company Limited and Its Subsidiaries

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 2019, 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 2019 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.

The impairment testing of property, plant and equipment, goodwill, investment in subsidiaries and associates	
Refer to Notes 4, 12, 13, 14, and 15 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in the audit
<p>As the exploration and offshore businesses are 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 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 achieve in prior periods; ● evaluating the discounted cash flow forecast methodology and key assumptions applies 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 4 and 24 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 achieve in prior periods; ● evaluating the forecast methodology and key assumptions applies; and ● considering the adequacy of the Group's disclosures in accordance with the relevant Thai Financial Reporting Standards.

Early adoption of TFRS 9	
Refer to Note 3 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group has early adopted TFRS 9 <i>Financial Instruments</i> from 1 January 2019 under the modified retrospective approach.</p> <p>As the early adoption of TFRS 9 <i>Financial Instruments</i> affected the classification and measurement financial assets and liabilities, the assessment of expected credit losses (“ECL”), which under the simplified approach, involves significant management judgment, including the estimates of probability of default, loss given default, discount rate, and adjustments for forward-looking information, and the results might have had a significant impact to the consolidated and separate financial statements, this is a focus area in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • assessing the design, implementation, and operating effectiveness of key internal controls related to the classification, measurement and impairment of financial instruments; • selecting samples to test the classification of financial instruments at the date of initial application by assessing their contractual cash flow characteristics through reading the relevant supporting documents in relation to the business models in which they are held; • selecting samples to test the basis of measurement of financial assets and liabilities, evaluating the accuracy of their balances, and assessing the appropriateness of the valuation methods and key parameters used to value financial assets and liabilities measured at fair value; • selecting samples to test the ECL estimated by management by testing the data inputs used and evaluating the forward-looking information applied; • testing the aging of trade accounts receivable, and considering any subsequent receipts; and • considering the adequacy of the Group’s disclosures in accordance with the relevant Thai Financial Reporting Standards.

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.

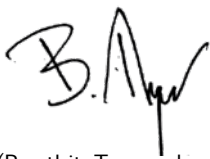
As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 2020

STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and Its Subsidiaries

		Consolidated financial statements			
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current assets					
Cash and cash equivalents	7	22,496	36,484	678,344	1,183,899
Current investments	8	12,207	18,036	368,090	585,265
Trade accounts receivable	6, 9	42,237	35,924	1,273,615	1,165,727
Other accounts receivable	10	5,801	7,067	174,923	229,323
Short-term loan to related party	6	5,371	-	161,957	-
Supplies and spare parts		619	1,384	18,665	44,911
Total current assets		88,731	98,895	2,675,594	3,209,125
Non-current assets					
Restricted deposit at financial institutions	11	11,268	14,550	339,775	472,145
Investment in associates	12	122,360	119,423	3,689,643	3,875,252
Investment in joint venture	12	1,577	2,120	47,553	68,794
Investment properties		539	588	16,253	19,080
Property, plant and equipment	14	145,207	169,429	4,378,572	5,497,937
Goodwill	15	2,066	2,066	62,298	67,041
Intangible assets		55	114	1,658	3,699
Deferred tax assets	24	2,139	2,281	64,499	74,018
Other non-current assets		106	125	3,196	4,056
Total non-current assets		285,317	310,696	8,603,447	10,082,022
Total assets		374,048	409,591	11,279,041	13,291,147

The accompanying notes form an integral part of the 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	
		2019	2018	2019	2018
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current liabilities					
Short-term borrowings from financial institutions	16	244	-	7,358	-
Trade accounts payable	6	8,250	5,201	248,771	168,771
Other accounts payable	6	20,021	18,992	603,714	616,287
Current portion of long-term borrowings	16	11,953	15,890	360,431	515,627
Current portion of finance lease liabilities	16	-	47	-	1,525
Current income tax payable		692	194	20,867	6,295
Total current liabilities		41,160	40,324	1,241,141	1,308,505
Non-current liabilities					
Long-term borrowings	16	43,846	51,835	1,322,132	1,682,035
Finance lease liabilities	16	-	40	-	1,298
Provisions for employee benefits	17	2,049	2,504	61,786	81,254
Total non-current liabilities		45,895	54,379	1,383,918	1,764,587
Total liabilities		87,055	94,703	2,625,059	3,073,092

The accompanying notes form an integral part of the 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	2019	2018	2019	2018
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Equity					
Share capital:					
Authorized share capital					
<i>(1,416,700,697 ordinary shares, par value at Baht 1 per share)</i>		-	-	1,416,701	1,416,701
Issued and paid share capital					
<i>(1,413,328,857 ordinary shares, par value at Baht 1 per share)</i>		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	18	343,536	343,536	12,271,678	12,271,678
Deficit		(101,337)	(73,245)	(5,132,025)	(4,256,628)
Other components of equity	19	(2,196)	(2,197)	116,872	811,475
Equity attributable to owners of the parent		287,325	315,416	8,669,854	10,239,854
Non-controlling interests		(332)	(528)	(15,872)	(21,799)
Total equity		286,993	314,888	8,653,982	10,218,055
Total liabilities and equity		374,048	409,591	11,279,041	13,291,147

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

Mermaid Maritime Public Company Limited and Its Subsidiaries

Assets	Note	Separate financial statements			
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current assets					
Cash and cash equivalents	7	3,875	1,752	116,847	56,852
Other accounts receivable	10	122,498	141,141	3,693,804	4,579,998
Short-term loans to related parties	6	49,945	16,800	1,506,041	545,157
Total current assets		176,318	159,693	5,316,692	5,182,007
Non-current assets					
Restricted deposit at financial institutions	11	-	4,375	-	141,968
Investment in associate	12	22,507	22,507	678,676	730,348
Investment in joint venture	12	213	213	6,423	6,912
Investments in subsidiaries	13	156,959	156,959	4,732,942	5,093,288
Investment properties		1,826	2,013	55,061	65,321
Long-term loan to related party	6	-	55,902	-	1,814,009
Property, plant and equipment	14	115	146	3,468	4,738
Intangible assets		12	21	362	681
Deferred tax assets	24	48	21	1,447	681
Other non-current assets		24	11	724	357
Total non-current assets		181,704	242,168	5,479,103	7,858,303
Total assets		358,022	401,861	10,795,795	13,040,310

The accompanying notes form an integral part of the 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	
		2019	2018	2019	2018
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current liabilities					
Other accounts payable	6	750	745	22,615	24,175
Total current liabilities		750	745	22,615	24,175
Non-current liabilities					
Provisions for employee benefits	17	242	105	7,297	3,407
Total non-current liabilities		242	105	7,297	3,407
Total liabilities		992	850	29,912	27,582
Equity					
Share capital:					
Authorized share capital					
<i>(1,416,700,697 ordinary shares,</i>					
<i>par value at Baht 1 per share)</i>					
		-	-	1,416,701	1,416,701
Issued and paid share capital					
<i>(1,413,328,857 ordinary shares,</i>					
<i>par value at Baht 1 per share)</i>					
		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	18	343,536	343,536	12,271,678	12,271,678
Differences arising from common control transactions	19	(7,406)	(7,406)	(239,757)	(239,757)
Deficit		(26,450)	17,531	(2,317,057)	(881,206)
Other components of equity	19	28	28	(362,310)	448,684
Total equity		357,030	401,011	10,765,883	13,012,728
Total liabilities and equity		358,022	401,861	10,795,795	13,040,310

The accompanying notes form an integral part of the 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	2019	2018	2019	2018	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Revenue					
Revenue from rendering of services	6	105,933	94,760	3,286,044	3,071,858
Interest income		655	701	20,413	22,727
Net gain on foreign exchange		226	78	7,146	2,163
Other income	6	895	2,622	27,419	83,305
Total revenue		107,709	98,161	3,341,022	3,180,053
Expenses					
Costs of rendering of services	21	109,052	103,768	3,382,182	3,358,726
Administrative expenses	6, 22	23,657	24,982	732,584	808,652
Finance costs		3,397	3,897	105,673	125,955
Total expenses		136,106	132,647	4,220,439	4,293,333
Share of profit of associates and joint venture		4,756	8,062	147,742	260,479
Loss before income tax expense		(23,641)	(26,424)	(731,675)	(852,801)
Tax expense	24	575	874	18,046	28,453
Loss for the year		(24,216)	(27,298)	(749,721)	(881,254)
Other comprehensive expense					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		1	2	32	64
Translation adjustments		-	-	(694,635)	(83,637)
<i>Items that will not be reclassified to profit or loss</i>					
Loss on remeasurements of defined benefit plans	24	(2)	-	(62)	-
Other comprehensive income (expense) for the year, net of tax		(1)	2	(694,665)	(83,573)
Total comprehensive expense for the year		(24,217)	(27,296)	(1,444,386)	(964,827)

The accompanying notes form an integral part of the 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	
<i>Note</i>		2019	2018	2019	2018
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Profit (loss) attributable to:					
	Owners of parent	(24,258)	(27,193)	(751,000)	(877,782)
	Non-controlling interests	42	(105)	1,279	(3,472)
	Loss for the year	(24,216)	(27,298)	(749,721)	(881,254)
Total comprehensive income (expense) attributable to:					
	Owners of parent	(24,266)	(27,191)	(1,445,880)	(961,355)
	Non-controlling interests	49	(105)	1,494	(3,472)
	Total comprehensive expense for the year	(24,217)	(27,296)	(1,444,386)	(964,827)
Basic losses per share		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
	Basic losses per share	25 (0.0172)	(0.0192)	(0.5314)	(0.6211)

The accompanying notes form an integral part of the 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		2019	2018	2019	2018	
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Revenue						
	Management fee income	6	534	360	16,579	11,632
	Interest income	6	1,167	1,150	36,207	37,125
	Net gain on foreign exchange		14,677	1,199	458,887	39,252
	Other income	6	328	365	10,176	11,811
	Total revenue		16,706	3,074	521,849	99,820
Expenses						
	Administrative expenses	6, 22	6,728	4,093	206,695	131,938
	Total expenses		6,728	4,093	206,695	131,938
	Profit (loss) before income tax expense		9,978	(1,019)	315,154	(32,118)
	Tax income	24	(29)	(4)	(878)	(131)
	Profit (loss) for the year		10,007	(1,015)	316,032	(31,987)
Other comprehensive expense						
<i>Items that will be reclassified subsequently to profit or loss</i>						
	Translation adjustments		-	-	(810,994)	(93,856)
<i>Items that will not be reclassified to profit or loss</i>						
	Loss on remeasurement of defined benefit plans		(14)	-	(436)	-
	Other comprehensive expense for the year, net of tax		(14)	-	(811,430)	(93,856)
	Total comprehensive income (expense) for the year		9,993	(1,015)	(495,398)	(125,843)
Basic earnings (losses) per share			<i>(in US Dollar)</i>		<i>(in Baht)</i>	
	Basic earnings (losses) per share	25	0.0071	(0.0007)	0.2236	(0.0226)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and Its Subsidiaries

Consolidated financial statements

	Retained earnings/(Deficit)		Other components of equity				Equity attributable to owners of parent	Non-controlling interests	Total equity		
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment				Changes in ownership interests	Total other components of equity
Year ended 31 December 2018											
Balance at 1 January 2018	47,322	343,536	-	(46,052)	1,193	28	(3,420)	(2,199)	342,607	(423)	342,184
Comprehensive income (expense) for the year											
Loss	-	-	-	(27,193)	-	-	-	-	(27,193)	(105)	(27,298)
Exchange differences on translating financial statements	-	-	-	-	2	-	-	2	2	-	2
Total comprehensive income (expense) for the year	-	-	-	(27,193)	2	-	-	2	(27,191)	(105)	(27,296)
Balance at 31 December 2018	47,322	343,536	-	(73,245)	1,195	28	(3,420)	(2,197)	315,416	(528)	314,888

Year ended 31 December 2018

Balance at 1 January 2018

Comprehensive income (expense) for the year

Loss

Exchange differences on

translating financial statements

Total comprehensive income (expense) for the year

Balance at 31 December 2018

The accompanying notes form an integral part of the 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				Non-controlling interests	Total equity		
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests				Total other components of equity
Year ended 31 December 2019											
Balance at 31 December 2018 - as reported											
	47,322	343,536	-	(73,245)	1,195	28	(3,420)	(2,197)	315,416	(528)	314,888
Impact of changes in accounting policies	-	-	-	(3,825)	-	-	-	-	(3,825)	-	(3,825)
<i>3</i>											
Balance at 1 January 2019 - restated											
	47,322	343,536	-	(77,070)	1,195	28	(3,420)	(2,197)	311,591	(528)	311,063
<i>(in thousand US Dollar)</i>											
Transactions with owners, recorded directly in equity											
<i>Changes in ownership interests in subsidiaries</i>											
Disposal of non-controlling interests with a change in control	-	-	-	-	-	-	-	-	-	147	147
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	147	147
Total transactions with owners, recorded directly in equity											
	-	-	-	-	-	-	-	-	-	147	147
Comprehensive income (expense) for the year											
Profit or loss	-	-	-	(24,258)	-	-	-	-	(24,258)	42	(24,216)
Gain (loss) on remeasurement of defined benefit plans	-	-	-	(9)	-	-	-	-	(9)	7	(2)
Exchange differences on translating financial statements	-	-	-	-	1	-	-	1	1	-	1
Total comprehensive income (expense) for the year	-	-	-	(24,267)	1	-	-	1	(24,266)	49	(24,217)
Balance at 31 December 2019	47,322	343,536	-	(101,337)	1,196	28	(3,420)	(2,196)	287,325	(332)	286,993

The accompanying notes form an integral part of the 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					Non-controlling interests	Total equity		
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests			Total other components of equity	
<i>(in thousand Baht)</i>											
Year ended 31 December 2018											
Balance at 1 January 2018	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
Comprehensive income (expense) for the year											
Loss	-	-	-	(877,782)	-	-	-	-	(877,782)	(3,472)	(881,254)
Exchange differences on translating financial statements	-	-	-	-	64	-	-	64	64	-	64
Translation adjustments	-	-	-	-	(83,637)	-	-	(83,637)	(83,637)	-	(83,637)
Total comprehensive income (expense) for the year	-	-	-	(877,782)	(83,573)	-	-	(83,573)	(961,355)	(3,472)	(964,827)
Balance at 31 December 2018	1,413,329	12,271,678	-	(4,256,628)	931,764	874	(121,163)	811,475	10,239,854	(21,799)	10,218,055

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and its Subsidiaries

	Consolidated financial statements										
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Retained earnings/(Deficit)	Translation of financial statements			Other components of equity			Total equity
					Share-based payment	Share ownership interests	Total other components of equity	Equity attributable to owners of parent	Non-controlling interests		
Note	on ordinary shares	Legal reserve	Deficit	financial statements	Share-based payment	Share ownership interests	Total other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity	
Year ended 31 December 2019											
Balance at 31 December 2018 - as reported	1,413,329	12,271,678	-	(4,256,628)	931,764	874	(121,163)	811,475	10,239,854	(21,799)	10,218,055
Impact of changes in accounting policies	-	-	(124,120)	-	-	-	-	-	(124,120)	-	(124,120)
Balance at 1 January 2019 - restated	1,413,329	12,271,678	-	(4,380,748)	931,764	874	(121,163)	811,475	10,115,734	(21,799)	10,093,935
<i>(in thousand Baht)</i>											
Transactions with owners, recorded directly in equity											
<i>Changes in ownership interests in subsidiaries</i>											
Disposal of non-controlling interests with a change in control	-	-	-	-	-	-	-	-	-	4,433	4,433
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	4,433	4,433
Total transactions with owners, recorded directly in equity											
	-	-	-	-	-	-	-	-	-	4,433	4,433
Comprehensive income (expense) for the year											
Profit or loss	-	-	(751,000)	-	-	-	-	-	(751,000)	1,279	(749,721)
Gain (loss) on remeasurement of defined benefit plan	-	-	(277)	-	-	-	-	-	(277)	215	(62)
Exchange differences on translating financial statements	-	-	-	-	32	-	-	32	32	-	32
Translation adjustments	-	-	-	-	(694,635)	-	-	(694,635)	(694,635)	-	(694,635)
Total comprehensive income (expense) for the year	-	-	(751,277)	-	(694,603)	-	-	(694,603)	(1,445,880)	1,494	(1,444,386)
Balance at 31 December 2019	1,413,329	12,271,678	-	(5,132,025)	237,161	874	(121,163)	116,872	8,669,854	(15,872)	8,653,982

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and Its Subsidiaries

	Separate financial statements						Total equity
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings	Other components of equity		
				Legal reserve	Unappropriated	Share-based payment	
<i>(in thousand US Dollar)</i>							
Year ended 31 December 2018							
Balance at 1 January 2018	47,322	343,536	(7,406)	-	18,546	28	402,026
Comprehensive expense for the year							
Loss	-	-	-	-	(1,015)	-	(1,015)
Total comprehensive expense for the year	-	-	-	-	(1,015)	-	(1,015)
Balance at 31 December 2018	47,322	343,536	(7,406)	-	17,531	28	401,011

The accompanying notes form an integral part of the 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		Other components of equity	Total equity
					Legal reserve	Unappropriated		
		<i>(in thousand US Dollar)</i>						
Year ended 31 December 2019								
	Balance at 31 December 2018 - as reported	47,322	343,536	(7,406)	-	17,531	28	401,011
	Impact of changes in accounting policies	-	-	-	-	(53,974)	-	(53,974)
	Balance at 1 January 2019 - restated	47,322	343,536	(7,406)	-	(36,443)	28	347,037
	Comprehensive income (expense) for the year							
	Profit	-	-	-	-	10,007	-	10,007
	Loss on remeasurement of defined benefit plans	-	-	-	-	(14)	-	(14)
	Total comprehensive income for the year	-	-	-	-	9,993	-	9,993
	Balance at 31 December 2019	47,322	343,536	(7,406)	-	(26,450)	28	357,030

The accompanying notes form an integral part of the 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	Legal reserve	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)	-	(849,219)	874	13,138,571
Comprehensive expense for the year							
Loss	-	-	-	-	(31,987)	-	(31,987)
Translation adjustments	-	-	-	-	(93,856)	-	(93,856)
Total comprehensive expense for the year	-	-	-	-	(31,987)	-	(93,856)
Balance at 31 December 2018	1,413,329	12,271,678	(239,757)	-	(881,206)	874	13,012,728

(in thousand Baht)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Mermaid Maritime Public Company Limited and its Subsidiaries

		Separate financial statements						Total equity
		Retained earnings/(Deficit)	Other components of equity			Total other components of equity		
		Differences arising from common control transactions		Translation of financial statements	Share-based payment		Total equity	
Note	Issued and paid share capital on ordinary shares	Share premium	Legal reserve	Deficit	Share-based payment	Total equity		
Year ended 31 December 2019								
	1,413,329	12,271,678	(239,757)	(881,206)	874	448,684	13,012,728	
	-	-	-	(1,751,447)	-	-	(1,751,447)	
3	1,413,329	12,271,678	(239,757)	(2,632,653)	447,810	448,684	11,261,281	
Comprehensive income (expense) for the year								
	-	-	-	316,032	-	-	316,032	
	-	-	-	(436)	-	-	(436)	
	-	-	-	-	(810,994)	-	(810,994)	
	-	-	-	315,596	-	(810,994)	(495,398)	
	1,413,329	12,271,678	(239,757)	(2,317,057)	874	(362,310)	10,765,883	

(in thousand Baht)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Mermaid Maritime Public Company Limited and Its Subsidiaries

	Consolidated financial statements				
	Note	Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Cash flows from operating activities					
Loss for the year		(24,216)	(27,298)	(749,721)	(881,254)
<i>Adjustments to reconcile loss to cash receipts (payments)</i>					
Tax expense		575	874	18,046	28,453
Finance costs		3,397	3,897	105,673	125,955
Depreciation		19,119	18,201	593,746	588,525
Amortisation		58	99	1,808	3,196
(Reversal of) impairment losses on assets		5,057	(1,800)	153,116	(56,774)
Unrealised loss (gain) on exchange		(121)	391	(3,935)	12,264
Loss (gain) from revaluation of trading securities		29	(236)	1,561	(7,736)
Loss from sale of trading securities		592	-	18,022	-
Share of profit of associates and joint venture, net of tax		(4,756)	(8,062)	(147,742)	(260,479)
Bad and doubtful debts expenses		21	2,253	647	73,901
(Reversal of) losses on supplies and spare parts devaluation		(277)	277	(8,387)	8,841
Gains on disposals and write-offs of property, plant and equipment and intangible assets		(7)	(241)	(212)	(7,597)
Gain from loss of control in a subsidiary		(701)	-	(21,225)	-
Interest income		(655)	(701)	(20,413)	(22,727)
Provision for employee benefits		550	448	16,864	14,554
Loss from write-off non-refundable withholding tax		1,547	1,703	48,060	55,397
		212	(10,195)	5,908	(325,481)
<i>Changes in operating assets and liabilities</i>					
Restricted deposit at financial institutions		2,809	(1,748)	84,703	(56,722)
Trade accounts receivable		(8,450)	23,994	(254,801)	778,601
Other accounts receivable		(2,840)	2,171	(85,638)	70,449
Supplies and spare parts		1,042	267	31,420	8,664
Other non-current assets		(28)	77	(844)	2,499
Trade accounts payable		2,502	413	75,445	13,401
Other accounts payable		2,765	(4,227)	83,377	(137,165)
Exchange rate losses from translating financial statements		1	2	32	64
Translation adjustments		-	-	(80,140)	(22,055)
Net cash generated from (used in) operating activities		(1,987)	10,754	(140,538)	332,255
Provision for employee benefit paid		(42)	(188)	(1,317)	(6,040)
Taxes paid		(374)	(687)	(11,549)	(22,414)
Net cash from (used in) operating activities		(2,403)	9,879	(153,404)	303,801

The accompanying notes form an integral part of the 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	
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>				
Proceed from sale of current investments	7,208	-	217,350	-
Acquisition of current investments	(2,000)	(17,800)	(60,308)	(577,605)
Acquisition of investment in associate	-	(5,232)	-	(169,778)
Proceeds from sale of property, plant and equipment	24	4,045	724	131,259
Acquisition of property, plant and equipment and intangible assets	(1,515)	(7,547)	(45,683)	(244,899)
Interest received	703	667	21,198	21,644
Net cash from (used in) investing activities	4,420	(25,867)	133,281	(839,379)
<i>Cash flows from financing activities</i>				
Proceeds from short-term loans from financial institution	244	-	7,358	-
Repayment of borrowings	(12,000)	(12,000)	(361,848)	(389,398)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	-	(60)	-	(1,947)
Finance costs paid	(3,351)	(3,767)	(104,239)	(121,736)
Net cash used in financing activities	(15,107)	(15,827)	(458,729)	(513,081)
Net decrease in cash and cash equivalents, before effect of exchange rates	(13,090)	(31,815)	(478,852)	(1,048,659)
Net cash effect from loss of control in a subsidiary	5 (1,102)	-	(33,230)	-
Effect of exchange rates changes on cash and cash equivalents	204	(393)	6,527	(12,358)
Net decrease in cash and cash equivalents	(13,988)	(32,208)	(505,555)	(1,061,017)
Cash and cash equivalents at beginning of year	36,484	68,692	1,183,899	2,244,916
Cash and cash equivalents at ending of year	22,496	36,484	678,344	1,183,899
<i>Non-cash transactions</i>				
Receivables for sales of property, plant and equipment	7	24	211	779
Payables for purchase of property, plant and equipment and intangible assets	242	276	7,297	8,956
Finance lease agreements for purchases of equipment	-	87	-	2,823
Transfer of advance payment of investment to investment in associates	-	17,275	-	560,570

The accompanying notes form an integral part of the 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	
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	10,007	(1,015)	316,032	(31,987)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax income	(29)	(4)	(878)	(131)
(Reversal of) depreciation	254	(27)	7,884	(1,120)
Amortization	9	21	282	676
Unrealised gain on exchange	(14,558)	(1,188)	(455,204)	(38,894)
(Reversal of) bad and doubtful debts expenses	2,662	(67)	80,600	(2,209)
Provision for employee benefits	126	18	3,851	582
Interest income	(1,167)	(1,150)	(36,207)	(37,125)
	(2,696)	(3,412)	(83,640)	(110,208)
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institution	4,375	-	131,924	-
Receivables from related parties	(957)	1,623	(28,857)	52,666
Other accounts receivable	31	(111)	934	(3,602)
Other non-current assets	(13)	38	(392)	1,233
Other accounts payable	4	157	121	5,095
Translation adjustments	-	-	(1,665)	(6,381)
Net cash from (used in) operating activities	744	(1,705)	18,425	(61,197)
Taxes paid	(46)	(55)	(1,430)	(1,772)
Net cash from (used in) operating activities	698	(1,760)	16,995	(62,969)
<i>Cash flows from investing activities</i>				
Acquisition of investment in associate	-	(5,232)	-	(169,778)
Increased in short-term loans to related party	-	(21,986)	-	(713,441)
Proceeds from repayment of short-term loans to related party	1,300	5,248	39,200	170,297
Acquisition of property, plant and equipment	(35)	(15)	(1,055)	(487)
Interest received	39	142	1,176	4,608
Net cash from (used in) investing activities	1,304	(21,843)	39,321	(708,801)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	2,002	(23,603)	56,316	(771,770)
Effects of exchange rate changes on cash and cash equivalents	121	(15)	3,679	(492)
Net increase (decrease) in cash and cash equivalents	2,123	(23,618)	59,995	(772,262)
Cash and cash equivalents at beginning of year	1,752	25,370	56,852	829,114
Cash and cash equivalents at ending of year	3,875	1,752	116,847	56,852
<i>Non-cash transactions</i>				
Transfer of advance payment for investment to investment in associate	-	17,275	-	560,570

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Mermaid Maritime Public Company Limited and Its Subsidiaries

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Loss of control in subsidiary
6	Related parties
7	Cash and cash equivalents
8	Current investments
9	Trade accounts receivable
10	Other accounts receivable
11	Restricted deposit at financial institutions
12	Investments in associates and joint venture
13	Investments in subsidiaries
14	Property, plant and equipment
15	Goodwill
16	Interest-bearing liabilities
17	Provisions for employee benefits
18	Share premium
19	Reserves
20	Segment information and disaggregation of revenue
21	Costs of rendering of services
22	Administrative expenses
23	Employee benefit expense
24	Income tax expense
25	Earnings per share
26	Financial instruments
27	Guarantees
28	Other events
29	Commitments with non-related parties
30	Events after the reporting period
31	Thai Financial Reporting Standards (TFRS) not yet adopted

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 2020.

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 Company’s registered office 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 2019 and 2018 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/Indirect holding (%)	
			31 December 2019	31 December 2018
<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 follow;	Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry	Singapore	100.0	100.0
PT Seascope Surveys Indonesia	”	Indonesia	-	49.0 ⁽¹⁾
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	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. ⁽³⁾	”	Malaysia	95.0	95.0
MTR - 1 (Singapore) Pte. Ltd. ⁽⁴⁾	”	Singapore	-	95.0

Name of the entities	Nature of business	Country of incorporation	Direct/Indirect holding (%)	
			31 December 2019	31 December 2018
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.	"	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	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 (Malaysia) Sdn. Bhd. has been registered for the liquidation.
(4) MTR - 1 (Singapore) Pte. Ltd. was deregistered on 1 October 2019.

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"), guidelines promulgated by the Federation of Accounting Professions.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 4(t).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 31.

(b) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are stated in US Dollar, which is the Company's functional currency, and Thai Baht, which is the Company's designated presentation currency and accordingly the Company has prepared financial statements in both US Dollar and Thai Baht. The basis of the translation from the functional currency (US Dollar) to the presentation currency (Thai Baht) is disclosed in Note 4(b).

(c) 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 the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

3, 4(t) and 20	Revenue recognition: · whether performance obligations in a bundled sale of products and services are capable of being distinct;
----------------	---

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

3, 4(t) and 20	Revenue recognition: estimate of expected returns
9	Measurement of allowance for doubtful debt of trade accounts receivable and impairment of contract asset;
14 and 15	Impairment test: key assumptions underlying recoverable amounts;
17	Measurement of defined benefit obligations: key actuarial assumptions;
24	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

3 Changes in accounting policies

TFRS - Financial instruments standards

The Group has early adopted the set of Financial instruments standards which are the following:

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has adopted these accounting policies from 1 January 2019 under the modified retrospective approach and the comparative figures have not been restated.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(i) *Classification and measurement – Financial assets*

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under TFRS 9, see Note 4(k).

The following table and the accompanying notes below present change in classification categories under TAS 105 and the new classification categories under TFRS 9 for each class of the Group financial assets and financial liabilities as at 1 January 2019.

Consolidated financial statements						
Classification at 31 December 2018	New classification under TFRS 9	Gross carrying amount at 31 December 2018	New gross carrying amount at 1 January 2019	Gross carrying amount at 31 December 2018	New gross carrying amount at 1 January 2019	
			<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Financial assets						
Cash and cash equivalents		36,484	36,484	1,183,899	1,183,899	
Equity securities held for trading		6,236	6,236	202,357	202,357	
Other debt securities held to maturity	General investment	11,800	11,800	382,908	382,908	
Trade accounts receivable	Held to maturity	38,742	38,742	1,257,171	1,257,171	
Other accounts receivable	-	7,067	7,067	229,323	229,323	
Restricted deposit at financial institutions	-	14,550	14,550	472,145	472,145	
Total financial assets		114,879	114,879	3,727,803	3,727,803	
Financial liabilities						
Trade accounts payable		(5,201)	(5,201)	(168,771)	(168,771)	
Other accounts payable		(18,992)	(18,992)	(616,287)	(616,287)	
Long-term borrowings		(67,725)	(67,725)	(2,197,662)	(2,197,662)	
Finance lease liabilities		(87)	(87)	(2,823)	(2,823)	
Total financial liabilities		(92,005)	(92,005)	(2,985,543)	(2,985,543)	
Separate financial statements						
Classification at 31 December 2018	New classification under TFRS 9	Gross carrying amount at 31 December 2018	New gross carrying amount at 1 January 2019	Gross carrying amount at 31 December 2018	New gross carrying amount at 1 January 2019	
			<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Financial assets						
Cash and cash equivalents		1,752	1,752	56,852	56,852	
Other accounts receivable		142,434	142,434	4,621,955	4,621,955	
Short-term loans to related parties	Held to maturity	16,800	16,800	545,157	545,157	
Restricted deposit at financial institutions	-	4,375	4,375	141,968	141,968	
Total financial assets		165,361	165,361	5,365,932	5,365,932	
Financial liabilities						
Other accounts payable		(745)	(745)	(24,175)	(24,175)	
Total financial liabilities		(745)	(745)	(24,175)	(24,175)	

(ii) Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments

Information on ECLs as at 1 January and 31 December 2019 is disclosed in note 26.

(iii) Classification – Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative, or designated as such on initial recognition.

Transition

The Group has initially adopted TFRS 9 by adjusting the impact to retained earnings or other component of equity on 1 January 2019. The impact from applying TFRS 9 on the financial statements is as follows:

<i>Statements of financial position</i>	Consolidated financial statements					
	As previously reported	Adjustments	As adjusted	As previously reported	Adjustments	As adjusted
	<i>(in thousand US Dollar)</i>			<i>(in thousand Baht)</i>		
At 1 January 2019						
Assets						
Current assets						
Trade accounts receivable	35,924	(1,463)	34,461	1,165,727	(47,474)	1,118,253
Others	62,971	-	62,971	2,043,398	-	2,043,398
Total current assets	98,895	(1,463)	97,432	3,209,125	(47,474)	3,161,651
Non-current assets						
Investment in associates	119,423	(2,362)	117,061	3,875,252	(76,646)	3,798,606
Others	191,273	-	191,273	6,206,770	-	6,206,770
Total non-current assets	310,696	(2,362)	308,334	10,082,022	(76,646)	10,005,376
Total assets	409,591	(3,825)	405,766	13,291,147	(124,120)	13,167,027
Liabilities						
Total liabilities	94,703	-	94,703	3,073,092	-	3,073,092
Equity						
Total equity	314,888	(3,825)	311,063	10,218,055	(124,120)	10,093,935
Total liabilities and equity	409,591	(3,825)	405,766	13,291,147	(124,120)	13,167,027

<i>Statements of financial position</i>	Separate financial statements					
	As previously reported	Adjustments <i>(in thousand US Dollar)</i>	As adjusted	As previously reported	Adjustments <i>(in thousand Baht)</i>	As adjusted
At 1 January 2019						
Assets						
Current assets						
Other account receivable	141,141	(32,125)	109,016	4,579,998	(1,042,451)	3,537,547
Short-term loan to related parties	16,800	(2,109)	14,691	545,157	(68,437)	476,720
Others	1,752	-	1,752	56,852	-	56,852
Total current assets	159,693	(34,234)	125,459	5,182,007	(1,110,888)	4,071,119
Non-current assets						
Long-term loan to related party	55,902	(19,740)	36,162	1,814,009	(640,559)	1,173,450
Others	186,266	-	186,266	6,044,294	-	6,044,294
Total non-current assets	242,168	(19,740)	222,428	7,858,303	(640,559)	7,217,744
Total assets	401,861	(53,974)	347,887	13,040,310	(1,751,447)	11,288,863
Liabilities						
Total liabilities	850	-	850	27,582	-	27,582
Equity						
Total equity	401,011	(53,974)	347,037	13,012,728	(1,751,447)	11,261,281
Total liabilities and equity	401,861	(53,974)	347,887	13,040,310	(1,751,447)	11,288,863

4 Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these financial statements, unless stated otherwise.

(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.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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 and a contract asset*

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

(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

Accounting policies for investment in other debt and equity securities in 2019

Information about the Group's accounting policies relating to investment in other debt and equity securities is disclosed in note 4(k).

Accounting policies for investment in other debt and equity securities in 2018

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 or assets under construction.

(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) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs. However, the incremental costs of obtaining a contract are expensed when incurred, if the expected amortisation period is one year or less.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the term of the contract it relates to, consistent with the related revenue recognition.

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

Other intangible assets

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
-------------------	------------------

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

(k) Financial instruments

Accounting policies for financial instruments in 2019

(i) Recognition and initial measurement

Financial assets (other than trade and other accounts receivable without a significant financing component and contract assets mentioned in note 4(d)) and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Such financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial liabilities are initially measured at fair value less directly attributable transaction costs.

(ii) Classification and subsequent measurement

Financial asset

On initial recognition, a financial asset is classified as subsequently measured at: amortised cost, FVOCI or ; FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- (a) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- (b) it is held within a business model whose objective is achieved by to holding the assets to collect contractual cash flows.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- (a) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- (b) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

All financial assets not classified as measured at amortised cost or FVOCI or FVOCI as described above, including investments in equity instruments, are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets measured at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities

The Group financial liabilities are classified as subsequently measured at amortised cost.

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Impairment**(i) Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill 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.

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.

(ii) Financial assets

Accounting policies for impairment in 2019

Financial instruments, trade and other accounts receivable and contract assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets (as defined in TFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- (a) debt securities that are determined to have low credit risk at the reporting date; and
- (b) other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets which under the simplified approach are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or when the Group has taken legal action against the counterparty.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (a) significant financial difficulty of the borrower or issuer;
- (b) a breach of contract such as a default or being more than 180 days past due;
- (c) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- (d) it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(m) *Interest-bearing liabilities*

Accounting policies for interest-bearing liabilities in 2019

Information about the Group's accounting policies relating to interest-bearing liabilities for 2019 is disclosed in note 4(k).

Accounting policies for interest-bearing liabilities in 2018

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.

(n) Trade and other accounts payable

Accounting policies for trade and other accounts payable in 2019

Information about the Group's accounting policies relating to trade and other accounts payable for 2019 is disclosed in note 4(k).

Accounting policies for trade and other accounts payable in 2018

Trade and other accounts payable are stated at cost.

(o) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(p) 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.

(q) 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.

(r) 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.

(s) Measurement of fair values

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 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 or indirectly.
- *Level 3*: inputs for the asset or liability that are based on 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.

(t) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Rendering of services

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognized in profit or loss when they are incurred.

Accounting policies for revenue recognition in 2018

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.

(u) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(v) 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.

(w) Lease payments

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(x) 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.

(y) *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.

(z) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(aa) *Segment reporting*

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

5 Loss of control in a subsidiary

The consolidated financial statements for the year ended 31 December 2019 have been prepared based on loss of control of PT Seascope Surveys Indonesia ("PTSSI"). As at 31 December 2019, the Group remains engaged in a number of legal proceedings regarding the ownership of share capital and management of the affairs of PTSSI. The outcome of these disputes remain uncertain and the process likely to be protracted. In the course of the disputes, management have not received relevant financial information from PTSSI as at and for the year ended 31 December 2019 and therefore the Group assesses that there is a loss of control over PTSSI at this time and to deconsolidate PTSSI from the consolidated financial statements. The Group recognises an investment in PTSSI as an other long-term investment under other non-current assets measured at fair value, other accounts receivable due from PTSSI, short-term loan to related party and trade accounts payable due to PTSSI in the consolidated statement of financial position as at 31 December 2019. As a result, the Group recognises gain from loss of control in a subsidiary in the consolidated statement of comprehensive income for the year ended 31 December 2019 in amount of US Dollar 0.7 million or equivalent to Baht 21.2 million.

The effect of loss of control of this subsidiary at the loss of control date were summarised as below

	Note	Consolidated financial statements	
		(in thousand US Dollar)	(in thousand Baht)
<i>Derecognised in assets and liabilities</i>			
Cash and cash equivalents		(1,102)	(33,230)
Trade accounts receivable		(572)	(17,305)
Other accounts receivable		(4,871)	(146,979)
Restricted deposit at financial institutions		(473)	(14,322)
Property, plant and equipment	14	(1,527)	(46,044)
Deferred tax assets		(227)	(6,870)
Other non-current assets		(47)	(1,423)
Trade accounts payable		64	1,932
Other accounts payable		2,610	79,020
Finance lease liabilities		87	2,636
		<u>(6,058)</u>	<u>(182,585)</u>
Carrying amounts of net assets and liabilities			
<i>Less non-controlling interests</i>		(147)	(4,433)
Carrying amounts of interest in subsidiary		<u>(6,205)</u>	<u>(187,018)</u>
<i>Recognised in assets and liabilities</i>			
Other accounts receivable	6	2,143	64,620
Short-term loans to related party	6	5,371	161,957
Other non-current assets		-	-
Trade accounts payable	6	(608)	(18,334)
		<u>6,906</u>	<u>208,243</u>
Gain from loss of control in a subsidiary		<u>701</u>	<u>21,225</u>

6 Related parties

Relationships with subsidiaries, associates and joint ventures are described in notes 12 and 13. Other related parties which the group had significant transaction during the period with 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
Natural Bev Co., Ltd.	Thailand	One of the director of ultimate parent company is a major shareholder
Key management personnel	Thai	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:

Year ended 31 December	Consolidated financial statements			
	2019	2018	2019	2018
	(in thousand US Dollar)		(in thousand Baht)	
Parent				
Rental income	-	53	-	1,713
Administrative expenses	83	84	2,575	2,707
Joint venture				
Rendering of services	62,252	56,562	1,930,499	1,829,131
Costs of rendering of services	5	-	154	-
Administrative expenses	62	-	1,904	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	1,670	1,250	51,768	40,375
Post-employment benefits	25	2	777	73
Total key management personnel compensation	1,695	1,252	52,545	40,448
Other related parties				
Administrative expenses	64	45	1,987	1,480

<i>Year ended 31 December</i>	Separate financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Parent				
Rental income	-	53	-	1,713
Administrative expenses	83	84	2,575	2,707
Subsidiaries				
Management fee income	534	360	16,579	11,632
Interest income	1,126	1,027	34,949	33,230
Rental income	-	234	-	7,557
Other income	322	75	9,995	2,422
Administrative expenses (reduction)	10	(54)	310	(1,785)
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	1,670	1,250	51,768	40,375
Post-employment benefits	25	2	777	73
Total key management personnel compensation	1,695	1,252	52,545	40,448
Other related parties				
Other administrative expenses	63	45	1,956	1,480

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

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Trade accounts receivable				
Joint venture	11,924	20,269	359,556	657,725
Net	11,924	20,269	359,556	657,725
Other accounts receivables				
Parent	-	13	-	422
Associates	12	1	362	32
Other related parties	7,543	-	227,451	-
	7,555	14	227,813	454
<i>Less allowance for doubtful account</i>	(5,400)	-	(162,831)	-
Net	2,155	14	64,982	454
Bad and doubtful debts expense for the year	5,400	-	163,501	-

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Short - term loans to related party				
Other related parties	18,350	-	553,326	-
<i>Less allowance for doubtful account</i>	(12,979)	-	(391,369)	-
Total	5,371	-	161,957	-

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

	Interest rate	Consolidated financial statements		
		31 December 2018	Increase	Impairment
Other related parties	1.50	-	18,350	(12,979)
Total		-		5,371

	Interest rate	Consolidated financial statements			
		31 December 2018	Increase	Impairment	Translation adjustment
Other related parties	1.50	-	553,326	(392,978)	1,609
Total		-			161,957

	Consolidated financial statements			
	2019	2018	2019	2018
<i>Trade accounts payables</i>				
Other related parties	608	-	18,334	-
Joint venture	151	41	4,553	1,330
Total	759	41	22,887	1,330
<i>Other accounts payables</i>				
Parent	8	6	241	195
Other related parties	4	-	121	-
Total	12	6	362	195

	Separate financial statements			
	2019	2018	2019	2018
<i>Other accounts receivables</i>				
Parent	-	13	-	422
Subsidiaries	65,307	59,350	1,969,267	1,925,896
Subsidiaries - transferred investments in associates under common control	89,119	82,812	2,687,294	2,687,233
Associates	12	1	362	32
	154,438	142,176	4,656,923	4,613,583
Less allowance for doubtful account	(32,215)	(1,292)	(971,411)	(41,925)
Net	122,223	140,884	3,685,512	4,571,658
(Reversal of) bad and doubtful debts expense for the year	2,662	(67)	80,600	(2,029)

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 2019, the Company had outstanding amount due from MIV amounting to US Dollar 89.1 million or equivalent to Baht 2,687.3 million (2018: US Dollar 82.8 million or equivalent to Baht 2,687.2 million) as other accounts receivable from related parties in the separated financial statement.

	Separate financial statements			
	2019 (in thousand US Dollar)	2018 (in thousand US Dollar)	2019 (in thousand Baht)	2018 (in thousand Baht)
Short-term loans to related party				
Subsidiaries	75,658	16,800	2,281,391	545,157
Less allowance for doubtful account	(25,713)	-	(775,350)	-
Total	49,945	16,800	1,506,041	545,157

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

	Interest rate	Separate financial statements				31 December 2019
	31 December (% per annum)	31 December 2018	Decrease	Impairment	Transfer	
			(in thousand US Dollar)			
Subsidiaries	1.50	16,800	(1,300)	(1,811)	36,256	49,945
Total		16,800				49,945

	Interest rate	Separate financial statements				31 December 2019	
	31 December (% per annum)	31 December 2018	Decrease	Impairment	Translation adjustment		Transfer
			(in thousand Baht)				
Subsidiaries	1.50	545,157	(39,200)	(54,833)	(38,346)	1,093,263	1,506,041
Total		545,157					1,506,041

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

	Separate financial statements			
	2019 (in thousand US Dollar)	2018 (in thousand US Dollar)	2019 (in thousand Baht)	2018 (in thousand Baht)
Long-term loans to related party				
Subsidiaries	-	55,902	-	1,814,009
Total	-	55,902	-	1,814,009

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

	Interest rate	Separate financial statements				
	31 December (% per annum)	31 December 2018	Impairment	Unrealised gain on exchange	Transfer	31 December 2019
			(in thousand US Dollar)			
Subsidiaries	1.50	55,902	(23,902)	4,256	(36,256)	-
Total		55,902				-

	Interest rate	Separate financial statements					
	31 December (% per annum)	31 December 2018	Impairment	Unrealised gain on exchange	Translation adjustment	Transfer	31 December 2019
				<i>(in thousand Baht)</i>			
Subsidiaries	1.50	1,814,009	(723,705)	133,080	(130,121)	(1,093,263)	-
Total		1,814,009					-

	Separate financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand US Dollar)</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
<i>Other accounts payable to related parties</i>				
Parent	8	6	241	195
Subsidiaries	19	12	574	389
Other related parties	2	-	60	-
Total	29	18	875	584

7 Cash and cash equivalents

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand US Dollar)</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Cash on hand	58	90	1,749	2,920
Cash at bank	22,438	36,394	676,595	1,180,979
Total	22,496	36,484	678,344	1,183,899

	Separate financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand US Dollar)</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Cash on hand	1	1	30	32
Cash at bank	3,874	1,751	116,817	56,820
Total	3,875	1,752	116,847	56,852

8 Current investments

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand US Dollar)</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
<i>Current investments</i>				
Equity securities held for trading	8,207	6,236	247,474	202,357
Other debt securities held to maturity	4,000	11,800	120,616	382,908
Total	12,207	18,036	368,090	585,265
<i>Other debt securities held to maturity</i>				
Annual interest rate (%)	5.00% - 7.50%	3.50% - 8.16%	5.00% - 7.50%	3.50% - 8.16%
Mature in (years)	1	1	1	1

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

Consolidated financial statements

	At 1 January	Purchase	Disposal <i>(in thousand US Dollar)</i>	Transfer	Fair value adjustment	At 31 December
2019						
Current investments						
Trading Securities	6,236	1,000	(3,500)	4,500	(29)	8,207
Other debt securities held to maturity	11,800	1,000	(4,300)	(4,500)	-	4,000
Total	18,036	2,000	(7,800)	-	(29)	12,207

Consolidated financial statements

	At 1 January	Purchase	Disposal	Transfer <i>(in thousand Baht)</i>	Fair value adjustment	Translation adjustment	At 31 December
2019							
Current investments							
Trading Securities	202,357	30,154	(105,539)	135,693	(1,561)	(13,630)	247,474
Other debt securities held to maturity	382,908	30,154	(129,662)	(135,693)	-	(27,091)	120,616
Total	585,265	60,308	(235,201)	-	(1,561)	(40,721)	368,090

Consolidated financial statements

	At 1 January	Purchase	Disposal <i>(in thousand US Dollar)</i>	Transfer	Fair value adjustment	At 31 December
2018						
Current investments						
Trading Securities	-	6,000	-	-	236	6,236
Other debt securities held to maturity	-	11,800	-	-	-	11,800
Total	-	17,800	-	-	236	18,036

Consolidated financial statements

	At 1 January	Purchase	Disposal	Transfer	Fair value adjustment	Translation adjustment	At 31 December
<i>(in thousand Baht)</i>							
2018							
Current investments							
Trading							
Securities	-	194,699	-	-	7,766	(108)	202,357
Other debt securities held to maturity	-	382,908	-	-	-	-	382,908
Total	-	577,607	-	-	7,766	(108)	585,265

Other debt securities held-to-maturity classified as at amortised cost (2018: held-to-maturity).

Information about the Group's exposure to credit and, fair value measurement, is included in Note 26.

Measurement of fair value

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

9 Trade accounts receivable

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Within credit terms	9,432	3,653	284,412	118,538
Overdue:				
Less than 3 months	11,318	15,543	341,283	504,367
3-6 months	4,604	1,978	138,829	64,186
6-12 months	69	8,336	2,081	270,502
Over 12 months	7,706	3,632	232,367	117,859
	33,129	33,142	998,972	1,075,452
Less allowance for doubtful account	(4,220)	(2,818)	(127,250)	(91,444)
Net	28,909	30,324	871,722	984,008
Contract asset – accrued income	5,849	2,578	176,371	83,656
Retention receivables	7,479	3,022	225,522	98,063
Total	42,237	35,924	1,273,615	1,165,727

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

Information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 26.

10 Other accounts receivable

Consolidated financial statements					
<i>Note</i>	2019	2018	2019	2018	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Related parties	6	2,155	14	64,982	454
Other party					
- Withholding taxes		509	2,820	15,348	91,508
- Input taxes awaiting invoice		95	1,854	2,865	60,162
- Prepaid expenses		578	1,147	17,429	37,220
- Advances for business expenses		1,871	737	56,418	23,916
- Other		593	495	17,881	16,063
Total		5,801	7,067	174,923	229,323

Separate financial statements					
	2019	2018	2019	2018	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
Related parties	6	122,223	140,884	3,685,512	4,571,658
Other parties					
- Prepaid expenses		128	147	3,860	4,770
- Withholding taxes		125	79	3,769	2,564
- Accrued interest income		4	2	121	65
- Others		18	29	542	941
Total		122,498	141,141	3,693,804	4,579,998

11 Restricted deposit at financial institution

Consolidated financial statements

As at 31 December 2019, US Dollar 7.6 million or equivalent to Baht 229.2 million (2018: US Dollar 8.3 million or equivalent to Baht 270.0 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.

As at 31 December 2019, US Dollar 3.7 million or equivalent to Baht 111.6 million (2018: US Dollar 1.9 million or equivalent to Baht 60.0 million) restricted deposit at financial institutions were deposited by subsidiaries to secure the performance guarantee from the financial institution.

As at 31 December 2018, US Dollar 4.4 million or equivalent to Baht 142.8 million restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

Separate financial statements

As at 31 December 2018, US Dollar 4.4 million or equivalent to Baht 142.8 million restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

12 Investment in associates and joint venture

Consolidated financial statements											
Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>(in thousand US Dollar)</i>											
Direct associate											
PTGC Co., Ltd.	Cambodia	49.00	49.00	USD 19 million	USD 19 million	22,507	22,507	22,420	22,425	-	-
						22,507	22,507	22,420	22,425	-	-
Indirect associates											
Asia Offshore Drilling Limited ^(a)	Bermuda	33.76	33.76	USD 60 million	USD 60 million	97,582	97,582	99,940	96,998	-	-
						97,582	97,582	99,940	96,998	-	-
Joint venture											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	1,577	2,120	-	-
						213	213	1,577	2,120	-	-
Total						120,302	120,302	123,937	121,543	-	-

Consolidated financial statements

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Direct associate											
PTGC Co., Ltd.	Cambodia	49.00	49.00	USD 19 million	USD 19 million	678,676	730,348	676,053	727,687	-	-
						678,676	730,348	676,053	727,687	-	-
Indirect associates											
Asia Offshore Drilling Limited ^(a)	Bermuda	33.76	33.76	USD 60 million	USD 60 million	2,942,488	3,166,516	3,013,590	3,147,565	-	-
						2,942,488	3,166,516	3,013,590	3,147,565	-	-
Joint venture											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,423	6,912	47,553	68,794	-	-
						6,423	6,912	47,553	68,794	-	-
Total						3,627,587	3,903,776	3,737,196	3,944,046	-	-

^(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.

Separate financial statements

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018
Associate									
PTGC Co., Ltd.	Cambodia	49.00	49.00	USD 19 million	USD 19 million	22,507	22,507	-	-
						22,507	22,507	-	-
Joint venture									
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	-	-
						213	213	-	-
Total						22,720	22,720	-	-

Separate financial statements

Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018
Associate									
PTGC Co., Ltd.	Cambodia	49.00	49.00	USD 19 million	USD 19 million	678,676	730,348	-	-
						678,676	730,348	-	-
Joint venture									
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,423	6,912	-	-
						6,423	6,912	-	-
Total						685,099	737,260	-	-

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.			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Revenue	-	-	-	-
Loss from continuing operations	(10)	(168)	(309)	(5,540)
Total comprehensive income (loss) (100%)	(10)	(168)	(309)	(5,540)
Group's share of total comprehensive expense	(5)	(82)	(151)	(2,715)
Current assets	1	2	30	65
Non-current assets	19,360	19,360	583,781	628,228
Current liabilities	-	(3)	-	(97)
Non-current liabilities	(12)	-	(362)	-
Net assets (100%)	19,349	19,359	583,449	628,196
Group's share of net assets (% hold)	9,481	9,486	285,890	307,819
Goodwill	12,939	12,939	390,163	419,868
Carrying amount of investment in associate	22,420	22,425	676,053	727,687

	Asia Offshore Drilling Limited			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Revenue	61,177	69,791	1,899,120	2,256,305
Profit from continuing operations	15,747	23,905	487,879	772,501
Total comprehensive income (100%)	15,747	23,905	487,879	772,501
Total comprehensive income of the group interest	5,316	8,071	164,699	260,829
Adjust loss from prior year	(12)	-	(379)	-
Group's share of total comprehensive income	5,304	8,071	164,320	260,829
Current assets	97,081	65,732	2,927,380	2,132,990
Non-current assets	409,172	428,403	12,338,172	13,901,592
Current liabilities	(11,946)	(15,409)	(360,220)	(500,019)
Non-current liabilities	(198,278)	(191,409)	(5,978,875)	(6,211,184)
Net assets (100%)	296,029	287,317	8,926,457	9,323,379
Group's share of net assets (% hold)	99,940	96,998	3,013,590	3,147,565
Goodwill	-	-	-	-
Carrying amount of investment in associate	99,940	96,998	3,013,590	3,147,565

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			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Carrying amount of interest in immaterial joint venture	1,577	2,120	47,553	68,794
Group's share of:				
- Profit from continuing operations	(543)	73	(16,426)	2,365
- Total comprehensive income	(543)	73	(16,426)	2,365

13 Investments in subsidiaries

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
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 Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Total			167,559	167,559	(10,600)	(10,600)	156,959	156,959	-	-

(in thousand US Dollar)

Name of subsidiary	Paid - up capital		Cost		Impairment <i>(in thousand US Dollar)</i>		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Indirect subsidiaries										
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	14,268	14,268	(14,268)	(11,465)	-	2,803	-	-
PT Seascope Surveys Indonesia	-	IDR 7,328 million	-	200	-	(200)	-	-	-	-
Mermaid Subsea Services (Malaysia) Sdn. Bhd.	MYR 350 thousand	MYR 350 thousand	90	90	-	-	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)	(5,930)	2,404	2,404	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	164	164	(164)	(164)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	-	USD 40 thousand	-	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.	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			57,538	57,778	(47,017)	(44,414)	10,521	13,364	-	-

Name of subsidiary	Paid - up capital		Cost		Impairment <i>(in thousand Baht)</i>		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Direct subsidiaries										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 2,130 million	4,628,187	4,980,558	-	-	4,628,187	4,980,558	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	424,387	456,698	(319,632)	(343,968)	104,755	112,730	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Total			5,052,574	5,437,256	(319,632)	(343,968)	4,732,942	5,093,288	-	-

Name of subsidiary	Paid - up capital		Cost		Impairment <i>(in thousand Baht)</i>		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Indirect subsidiaries										
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	430,237	462,994	(430,237)	(372,037)	-	90,957	-	-
PT Seascope Surveys Indonesia	-	IDR 7,328 million	-	6,490	-	(6,490)	-	-	-	-
Mermaid Subsea Services (Malaysia) Sdn. Bhd.	MYR 350 thousand	MYR 350 thousand	2,714	2,920	-	-	2,714	2,920	-	-
Mermaid Offshore Services Pte. Ltd.	USD 20,400 thousand	USD 20,400 thousand	615,142	661,976	(615,142)	(661,976)	-	-	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	188,613	202,973	(188,613)	(202,973)	-	-	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	251,303	270,437	(178,813)	(192,427)	72,490	78,010	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	4,945	5,322	(4,945)	(5,322)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	-	USD 40 thousand	-	1,298	-	-	-	1,298	-	-
Mermaid International Ventures	USD 100	USD 100	3	3	-	-	3	3	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	228,748	246,164	-	-	228,748	246,164	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd.	SAR 500 thousand	SAR 500 thousand	11,639	12,526	-	-	11,639	12,526	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	1,658	1,785	-	-	1,658	1,785	-	-
Total			1,735,002	1,874,888	(1,417,750)	(1,441,225)	317,252	433,663	-	-

On 1 October 2019, MTR - 1 (Singapore) Pte. Ltd., an indirect subsidiary of the Group, was deregistered.

On 31 December 2019, the Group have a loss of control of PT Seascope Surveys (Indonesia) as disclosed in Note 5.

Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Motor support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
<i>Impairment losses</i>											
At 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)
Impairment losses	-	-	-	(628)	-	-	(4,429)	-	-	-	(5,057)
Effect from loss of control in a subsidiary	-	-	-	663	-	-	657	56	-	204	1,580
At 31 December 2019	-	-	-	(5,417)	-	-	(44,236)	(1,785)	-	(1,310)	(52,748)
<i>Net book value</i>											
At 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
At 1 January 2019	590	726	43	14,160	332	201	124,579	2,778	1,657	141	145,207
At 31 December 2019	590	726	43	14,160	332	201	124,579	2,778	1,657	141	145,207

Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
	<i>(in thousand Baht)</i>										
Cost											
At 1 January 2018	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
Additions	-	-	-	28,005	10,644	65	65	157,252	7,139	18,334	221,504
Transfers	-	-	-	25,408	-	-	-	34,916	-	(60,324)	-
Disposals	-	-	-	(991,049)	(324)	(4,348)	(1,270,702)	(509,657)	-	-	(2,776,080)
Write off	-	-	(7,723)	(12,363)	(3,440)	(227)	-	(178,993)	-	-	(202,746)
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
Additions	-	-	-	8,021	5,669	1,146	60	23,219	2,382	4,252	44,749
Transfers	-	-	-	-	-	-	-	17,037	-	(17,037)	-
Disposals	-	-	-	(39,080)	(1,719)	(754)	-	-	-	-	(41,553)
Effect from loss of control in a subsidiary	-	-	(13,388)	(186,110)	(15,891)	(13,268)	(31,511)	(28,043)	-	-	(288,211)
Write off	-	-	-	-	-	-	-	(362)	-	(1,568)	(1,930)
Translation adjustments	(1,354)	(7,438)	(4,571)	(199,852)	(8,474)	(4,087)	(681,648)	(62,701)	(7,101)	(4,425)	(981,651)
At 31 December 2019	17,791	97,699	46,649	2,407,767	99,357	40,798	8,921,604	835,386	95,648	43,753	12,606,452

Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles <i>(in thousand Baht)</i>	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
Depreciation											
At 1 January 2018	-	(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 and 1 January 2019	-	(77,263)	(47,052)	(1,976,095)	(104,067)	(40,789)	(3,879,990)	(609,083)	(43,937)	-	(6,778,276)
Depreciation charge for the year	-	(4,128)	(9,371)	(154,330)	(7,398)	(6,357)	(242,349)	(163,290)	(5,002)	-	(592,225)
Disposals	-	-	-	39,080	1,719	754	-	-	-	-	41,553
Effect from loss of control in a subsidiary	-	-	7,448	129,602	12,815	8,534	9,740	26,385	-	-	194,524
Write off	-	-	-	-	-	-	-	362	-	-	362
Translation adjustments	-	5,584	3,623	144,301	7,585	3,121	281,443	47,832	3,256	-	496,745
At 31 December 2019	-	(75,807)	(45,352)	(1,817,442)	(89,346)	(34,737)	(3,831,156)	(697,794)	(45,683)	-	(6,637,317)

Consolidated financial statements

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
Impairment losses											
At 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)
Impairment losses	-	-	-	(19,015)	-	-	(134,101)	-	-	-	(153,116)
Effect from loss of control in a subsidiary	-	-	-	19,992	-	-	19,811	1,689	-	6,151	47,643
Translation adjustments	-	-	-	12,596	-	-	93,447	4,226	-	3,476	113,745
At 31 December 2019	-	-	-	(163,344)	-	-	(1,333,892)	(53,825)	-	(39,502)	(1,590,563)
Net book value											
At 1 January 2018	19,282	26,112	27,027	797,741	13,857	24,674	4,793,961	162,392	55,590	55,786	5,976,422
At 31 December 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 2019	17,791	21,892	1,297	426,981	10,011	6,061	3,756,556	83,767	49,965	4,251	4,378,572

Security

As at 31 December 2019, the Group's property, plant and equipment with a net book value of US Dollar 110.0 million (2018: US Dollar 121.6 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 2018	-	120	447	77	1,843	39	2,526
Additions	-	-	-	-	14	-	14
At 31 December 2018 and 1 January 2019	-	120	447	77	1,857	39	2,540
Additions	-	-	-	-	14	22	36
At 31 December 2019	-	120	447	77	1,871	61	2,576
Depreciation							
At 1 January 2018	-	(75)	(443)	(68)	(1,697)	(39)	(2,322)
Depreciation charge for the year	-	(6)	-	(5)	(61)	-	(72)
At 31 December 2018 and 1 January 2019	-	(81)	(443)	(73)	(1,758)	(39)	(2,394)
Depreciation charge for the year	-	(6)	-	(3)	(56)	(2)	(67)
At 31 December 2019	-	(87)	(443)	(76)	(1,814)	(41)	(2,461)
Net book value							
At 1 January 2018	-	45	4	9	146	-	204
At 31 December 2018 and 1 January 2019	-	39	4	4	99	-	146
At 31 December 2019	-	33	4	1	57	20	115

Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand Baht)	Office equipment	Motor vehicles	Total
Cost							
At 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 and 1 January 2019	-	3,894	14,505	2,499	60,259	1,266	82,423
Additions	-	-	-	-	422	663	1,085
Translation adjustments	-	(276)	(1,026)	(176)	(4,263)	(90)	(5,831)
At 31 December 2019	-	3,618	13,479	2,323	56,418	1,839	77,677
Depreciation							
At 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 and 1 January 2019	-	(2,628)	(14,375)	(2,369)	(57,047)	(1,266)	(77,685)
Depreciation charge for the year	-	(186)	-	(94)	(1,738)	(61)	(2,079)
Translation adjustments	-	191	1,017	170	4,086	91	5,555
At 31 December 2019	-	(2,623)	(13,358)	(2,293)	(54,699)	(1,236)	(74,209)
Net book value							
At 1 January 2018	-	1,471	130	294	4,772	-	6,667
At 31 December 2018 and 1 January 2019	-	1,266	130	130	3,212	-	4,738
At 31 December 2019	-	995	121	30	1,719	603	3,468

15 Goodwill

	Consolidated financial statements			
	2019 (in thousand US Dollar)	2018	2019 (in thousand Baht)	2018
Cost				
At 1 January	10,136	10,136	328,911	331,254
Translation adjustments	-	-	(23,270)	(2,343)
At 31 December	10,136	10,136	305,641	328,911
Impairment loss				
At 1 January	(8,070)	(8,070)	(261,870)	(263,735)
Translation adjustments	-	-	18,527	1,865
At 31 December	(8,070)	(8,070)	(243,343)	(261,870)
Net book value				
At 1 January	2,066	2,066	67,041	67,519
At 31 December	2,066	2,066	62,298	67,041

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			
	2019 (in thousand US Dollar)	2018	2019 (in thousand Baht)	2018
Cost				
At 1 January	8,070	8,070	261,870	263,735
Translation adjustments	-	-	(18,527)	(1,865)
At 31 December	8,070	8,070	243,343	261,870
Impairment loss				
At 1 January	(8,070)	(8,070)	(261,870)	(263,735)
Translation adjustments	-	-	18,527	1,865
At 31 December	(8,070)	(8,070)	(243,343)	(261,870)
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			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
<i>Cost</i>				
At 1 January	2,066	2,066	67,041	67,519
Translation adjustments	-	-	(4,743)	(478)
At 31 December	2,066	2,066	62,298	67,041
<i>Impairment loss</i>				
At 1 January	-	-	-	-
Translation adjustments	-	-	-	-
At 31 December	-	-	-	-
<i>Net book value</i>				
At 1 January	2,066	2,066	67,041	67,519
At 31 December	2,066	2,066	62,298	67,041

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 2019 and 2018. The cash flows were projected over a period of 5 years before a terminal growth rate was applied thereafter. The key assumptions used in the estimation of MSSI CGU's value in use were as follows:

	Consolidated financial statements	
	2019	2018
	(%)	
Discount rate	10.75	10.75
Terminal value growth rate	0	0

16 Interest-bearing liabilities

	Consolidated financial statements		
	2019		Total
Secured	Unsecured		
<i>(in thousand US Dollar)</i>			
Short-term borrowings from financial institutions	-	244	244
Current portion of long-term borrowings from financial institutions	11,953	-	11,953
Long-term borrowings from financial institutions	43,846	-	43,846
Total interest-bearing liabilities	55,799	244	56,043

Consolidated financial statements			
2019			
	Secured	Unsecured <i>(in thousand Baht)</i>	Total
Short-term borrowings from financial institutions	-	7,358	7,358
Current portion of long-term borrowings from financial institutions	360,431	-	360,431
Long-term borrowings from financial institutions	1,322,132	-	1,322,132
Total interest-bearing liabilities	1,682,563	7,358	1,689,921

Consolidated financial statements			
2018			
	Secured	Unsecured <i>(in thousand US Dollar)</i>	Total
Current portion of long-term borrowings from financial institutions	15,890	-	15,890
Current portion of finance lease liabilities	47	-	47
Long-term borrowings from financial institutions	51,835	-	51,835
Finance lease liabilities	40	-	40
Total interest-bearing liabilities	67,812	-	67,812

Consolidated financial statements			
2018			
	Secured	Unsecured <i>(in thousand Baht)</i>	Total
Current portion of long-term borrowings from financial institutions	515,627	-	515,627
Current portion of finance lease liabilities	1,525	-	1,525
Long-term borrowings from financial institutions	1,682,035	-	1,682,035
Finance lease liabilities	1,298	-	1,298
Total interest-bearing liabilities	2,200,485	-	2,200,485

The Group's short-term borrowings from financial institutions bear effective interest rates of 2.88% per annum.

The Group's long-term borrowings from financial institutions bear effective interest rates of 4.61% per annum (2018: 5.56% per annum).

As at 31 December 2019, the Group and the Company had unutilised credit facilities totalling US Dollar 5.1 million or equivalent to Baht 155.0 million and US Dollar 0.3 million or equivalent to Baht 10.0 million, respectively (2018: US Dollar 4.8 million or equivalent to Baht 155.0 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			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
At 1 January	67,725	79,615	2,197,662	2,601,890
Repayments during year	(12,000)	(12,000)	(361,848)	(389,398)
Amortisation to profit and loss (front end fee)	74	110	2,312	3,554
Translation adjustments	-	-	(155,563)	(18,384)
At 31 December	55,799	67,725	1,682,563	2,197,662

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

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Currencies:				
US Dollar	56,403	67,725	1,689,921	2,197,662
Total	56,403	67,725	1,689,921	2,197,662

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 56.0 million as at 31 December 2019 (2018: US Dollar 68.0 million) with repayment terms until 2024. These borrowings bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of support vessels as mentioned in Note 14 and are guaranteed by the Company.

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

Finance lease liabilities

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

	Consolidated financial statements					
	2019			2018		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand US Dollar)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	-	-	-	54	(7)	47
After one year but within five years	-	-	-	48	(8)	40
Total	-	-	-	102	(15)	87

	Consolidated financial statements					
	2019		2018			
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	-	-	-	1,752	(227)	1,525
After one year but within five years	-	-	-	1,558	(260)	1,298
Total	-	-	-	3,310	(487)	2,823

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 2019 of US Dollar 57.8 million or equivalent to Baht 1,743.8 million (2018: US Dollar 70.1 million or equivalent to Baht 2,285.6 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.

17 Provisions for employee benefits

	Consolidated financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Post-employment benefits	1,961	2,504	59,132	81,254
Other long-term employee benefits	88	-	2,654	-
Total	2,049	2,504	61,786	81,254

	Separate financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Post-employment benefits	223	105	6,724	3,407
Other long-term employee benefits	19	-	573	-
Total	242	105	7,297	3,407

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Defined benefit obligations at 1 January	2,504	2,244	81,254	73,336
Include in profit or loss:				
Current service costs	562	384	17,309	12,458
Interest on obligation	18	64	554	2,096
Past service costs	69	-	2,099	-
Curtailement gain	(99)	-	(3,119)	-
	550	448	16,843	14,554
Include in other comprehensive income:				
Actuarial (gains) losses				
- Demographic assumptions	1	-	30	-
- Financial assumptions	33	-	992	-
- Experience adjustment	(8)	-	(242)	-
Others:				
Benefits paid	(42)	(188)	(1,328)	(6,040)
Disposal from deconsolidation of a subsidiary	(989)	-	(29,945)	-
Translation adjustments	-	-	(5,818)	(596)
	(1,005)	(188)	(36,311)	(6,636)
Defined benefit obligations at 31 December	2,049	2,504	61,786	81,254
	Separate financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Defined benefit obligations at 1 January	105	87	3,407	2,843
Include in profit or loss:				
Current service costs	42	15	1,289	484
Interest on obligation	6	3	185	98
Past service cost	77	-	2,322	-
	125	18	3,796	582
Include in other comprehensive income:				
Actuarial losses				
- Demographic assumptions	4	-	121	-
- Financial assumptions	5	-	164	-
- Experience adjustment	3	-	91	-
Others:				
Translation adjustments	-	-	(282)	(18)
	12	-	94	(18)
Defined benefit obligations at 31 December	242	105	7,297	3,407

On 5 April 2019, the Labor Protection Act was amended 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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
				%
Discount rate	1.55 - 4.02	3.31 - 7.70	1.55 - 4.02	3.31
Future salary increases	2.70 - 7.00	4.00 - 8.00	3.00 - 7.00	4.00 - 8.00
Mortality rate	60.0 - 140.0	0.02 - 3.00	60.0 - 140.0	0.02 - 3.00
Resignation rate	60.0 - 140.0	0.00 - 20.00	60.0 - 140.0	0.00 - 20.00

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

Sensitivity analysis

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

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	2019	2018	2019	2018
	Increase in assumption		Decrease in assumption	
	<i>(in thousand US Dollar)</i>			
Post-employment benefits				
Discount rate (1%)	(150)	(105)	116	125
Future salary growth (1%)	121	134	(156)	(114)
Employee turnover (20%)	(105)	(55)	133	(75)
Future mortality (1%)	-	2	-	(3)
Other long-term employee benefits				
Discount rate (1%)	(5)	-	6	-
Employee turnover (20%)	(12)	-	15	-

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	2019	2018	2019	2018
	Increase in assumption		Decrease in assumption	
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Discount rate (1%)	(4,523)	(3,407)	3,498	4,056
Future salary growth (1%)	3,649	4,348	(4,704)	(3,699)
Employee turnover (20%)	(3,166)	(1,785)	4,010	2,434
Future mortality (1%)	-	65	-	(97)
Other long-term employee benefits				
Discount rate (1%)	(151)	-	181	-
Employee turnover (20%)	(362)	-	452	-

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	2019 Increase in assumption	2018	2019 Decrease in assumption	2018
Post-employment benefits	<i>(in thousand US Dollar)</i>			
Discount rate (1%)	(24)	(11)	28	14
Future salary growth (1%)	28	15	(28)	(13)
Employee turnover (20%)	(36)	(20)	46	28
Future mortality (1%)	-	1	-	(1)
Other long-term employee benefits				
Discount rate (1%)	(1)	-	1	-
Employee turnover (20%)	(3)	-	3	-

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	2019 Increase in assumption	2018	2019 Decrease in assumption	2018
Post-employment benefits	<i>(in thousand Baht)</i>			
Discount rate (1%)	(724)	(357)	844	454
Future salary growth (1%)	844	487	(844)	(422)
Employee turnover (20%)	(1,086)	(649)	1,387	909
Future mortality (1%)	-	32	-	(32)
Other long-term employee benefits				
Discount rate (1%)	(30)	-	30	-
Employee turnover (20%)	(90)	-	90	-

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.

18 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.

19 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.

20 Segment information and disaggregation of revenue

The Group has two 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	Holding

From 1 January 2019, the Group has changed the basis of presentation and disclosure of segment information resulting in the Group presenting segment information in respect of the following segments: Subsea group and Holding. Previously, the Group presented segment information in respect of the following: Subsea group, Drilling and Holding. The new basis has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2018, which are included in the financial statements for the year ended 31 December 2019 for comparative purposes, has been re-presented accordingly.

Revenue, results and timing of revenue recognition, based on business segments, in the consolidated financial statements for the year ended 31 December 2019 and 2018 were as follows:

Consolidated financial statements For the year ended 31 December 2019				
Subsea group	Holding	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Disaggregation of revenue				
Primary geographical markets				
Saudi Arabia	-	68,279	(12)	68,267
Qatar	-	34,002	-	34,002
Thailand	-	3,664	-	3,664
Total revenue	-	105,945	(12)	105,933
Major products/service lines				
Providing services	-	105,945	(12)	105,933
Total revenue	-	105,945	(12)	105,933
Timing of revenue recognition				
Over time	-	105,945	(12)	105,933
Total revenue	-	105,945	(12)	105,933
Information about reportable segment				
Revenue from rendering of services	-	105,945	(12)	105,933
Operating profit (loss)	2,380	(27,413)	2,413	(25,000)
Share of profit (loss) of associates and joint venture	5,299	4,756	-	4,756
Finance costs	-	(3,644)	247	(3,397)
Tax (expense) income	29	(575)	-	(575)
Profit (loss) for the year	7,708	(26,876)	2,660	(24,216)

**Consolidated financial statements
For the year ended 31 December 2019**

Subsea group	Holding	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Cash and cash equivalents	7,227	22,496	-	22,496
Current investments	-	12,207	-	12,207
Trade accounts receivable	-	42,260	(23)	42,237
Investments in associates and joint venture	122,360	123,937	-	123,937
Property, plant and equipment	1,401	145,207	-	145,207
	130,988	346,107	(23)	346,084
Unallocated assets				27,964
Total assets				374,048
Interest-bearing liabilities	-	56,043	-	56,043
Unallocated liabilities	-	56,043	-	31,012
Total liabilities				87,055
Capital expenditure	35	1,484	-	1,484
Depreciation	258	19,119	-	19,119
Amortisation	9	58	-	58
Gain on disposal property, plant and equipment	-	7	-	7
Impairment losses on assets	-	5,057	-	5,057
Gain from loss of control in a subsidiary	701	701	-	701

**Consolidated financial statements
For the year ended 31 December 2018**

Subsea group	Holding	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Disaggregation of revenue				
Primary geographical markets				
Saudi Arabia	-	66,431	(11)	66,420
Qatar	-	8,975	-	8,975
Thailand	-	8,657	-	8,657
Indonesia	-	7,927	-	7,927
Malaysia	-	2,781	-	2,781
Total revenue	-	94,771	(11)	94,760
Major products/service lines				
Providing services	-	94,771	(11)	94,760
Total revenue	-	94,771	(11)	94,760
Timing of revenue recognition				
Over time	-	94,771	(11)	94,760
Total revenue	-	94,771	(11)	94,760
Information about reportable segment				
Revenue from rendering of services	-	94,771	(11)	94,760
Operating loss	(1,080)	(30,337)	(252)	(30,589)
Share of profit of associates and joint venture	73	8,062	-	8,062
Finance costs	-	(4,082)	185	(3,897)
Tax (expense) income	2	(874)	-	(874)
Profit (loss) for the year	6,911	(27,231)	(67)	(27,298)

**Consolidated financial statements
For the year ended 31 December 2018**

Subsea group	Holding	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Cash and cash equivalents	5,818	36,484	-	36,484
Current investments	-	18,036	-	18,036
Trade accounts receivable	-	36,616	(692)	35,924
Investments in associates and joint venture	119,423	121,543	-	121,543
Property, plant and equipment	1,577	169,429	-	169,429
	126,818	382,108	(692)	381,416
Unallocated assets				28,175
Total assets				409,591
Interest-bearing liabilities	-	67,812	-	67,812
Unallocated liabilities	-	67,812	-	26,891
Total liabilities				94,703
Capital expenditure	15	6,930	-	6,930
Depreciation	(22)	18,201	-	18,201
Amortisation	23	99	-	99
Gain on disposal property, plant and equipment	(1)	430	(189)	241
Reversal of impairment losses on assets	1,800	1,800	-	1,800

**Consolidated financial statements
For the year ended 31 December 2019**

	Subsea group	Holding	Total <i>(in thousand Baht)</i>	Elimination	Group
Disaggregation of revenue					
Primary geographical markets					
Saudi Arabia	2,117,277	-	2,117,277	(375)	2,116,902
Qatar	1,056,812	-	1,056,812	-	1,056,812
Thailand	112,330	-	112,330	-	112,330
Total revenue	3,286,419	-	3,286,419	(375)	3,286,044
Major products/service lines					
Providing services	3,286,419	-	3,286,419	(375)	3,286,044
Total revenue	3,286,419	-	3,286,419	(375)	3,286,044
Timing of revenue recognition					
Over time	3,286,419	-	3,286,419	(375)	3,286,044
Total revenue	3,286,419	-	3,286,419	(375)	3,286,044
Information about reportable segment					
Revenue from rendering of services	3,286,419	-	3,286,419	(375)	3,286,044
Operating profit (loss)	(923,683)	77,074	(846,609)	72,865	(773,744)
Share of profit (loss) of associates and joint venture	(16,426)	164,168	147,742	-	147,742
Finance costs	(113,344)	-	(113,344)	7,671	(105,673)
Tax (expense) income	(18,924)	878	(18,046)	-	(18,046)
Profit (loss) for the year	(1,072,377)	242,120	(830,257)	80,536	(749,721)

Consolidated financial statements
For the year ended 31 December 2019

Subsea group	Holding	Total <i>(in thousand Baht)</i>	Elimination	Group
Cash and cash equivalents	217,922	678,344	-	678,344
Current investments	-	368,090	-	368,090
Trade accounts receivable	-	1,274,308	(693)	1,273,615
Investments in associates and joint venture	3,689,643	3,737,196	-	3,737,196
Property, plant and equipment	42,246	4,378,572	-	4,378,572
	3,949,811	10,436,510	(693)	10,435,817
Unallocated assets				843,224
Total assets				11,279,041
Interest-bearing liabilities	-	1,689,921	-	1,689,921
Unallocated liabilities	-	1,689,921	-	1,689,921
Total liabilities				935,138
Capital expenditure	1,055	44,749	-	44,749
Depreciation	8,010	593,746	-	593,746
Amortisation	280	1,808	-	1,808
Gain on disposal property, plant and equipment	-	212	-	212
Impairment losses on assets	-	153,116	-	153,116
Gain from loss of control in a subsidiary	21,225	21,225	-	21,225

Consolidated financial statements
For the year ended 31 December 2018

	Subsea group	Holding	Total <i>(in thousand Baht)</i>	Elimination	Group
<i>Disaggregation of revenue</i>					
<i>Primary geographical markets</i>					
Saudi Arabia	2,149,386	-	2,149,386	(359)	2,149,027
Qatar	293,977	-	293,977	-	293,977
Thailand	280,149	-	280,149	-	280,149
Indonesia	260,100	-	260,100	-	260,100
Malaysia	88,605	-	88,605	-	88,605
Total revenue	3,072,217	-	3,072,217	(359)	3,071,858
<i>Major products/service lines</i>					
Providing services	3,072,217	-	3,072,217	(359)	3,071,858
Total revenue	3,072,217	-	3,072,217	(359)	3,071,858
<i>Timing of revenue recognition</i>					
Over time	3,072,217	-	3,072,217	(359)	3,071,858
Total revenue	3,072,217	-	3,072,217	(359)	3,071,858
<i>Information about reportable segment</i>					
Revenue from rendering of services	3,072,217	-	3,072,217	(359)	3,071,858
Operating loss	(943,590)	(35,499)	(979,089)	(8,236)	(987,325)
Share of profit of associates and joint venture	2,365	258,114	260,479	-	260,479
Finance costs	(131,984)	-	(131,984)	6,029	(125,955)
Tax (expense) income	(28,520)	67	(28,453)	-	(28,453)
Profit (loss) for the year	(1,101,729)	222,682	(879,047)	(2,207)	(881,254)

**Consolidated financial statements
For the year ended 31 December 2018**

Subsea group	Holding	Total <i>(in thousand Baht)</i>	Elimination	Group
Cash and cash equivalents	188,793	1,183,899	-	1,183,899
Current investments	-	585,265	-	585,265
Trade accounts receivable	-	1,188,182	(22,455)	1,165,727
Investments in associates and joint venture	3,875,252	3,944,046	-	3,944,046
Property, plant and equipment	51,173	5,497,937	-	5,497,937
Unallocated assets	4,115,218	12,399,329	(22,455)	12,376,874
Total assets				13,291,147
Interest-bearing liabilities	-	2,200,485	-	2,200,485
Unallocated liabilities	-	2,200,485	-	2,200,485
Total liabilities				3,073,092
Capital expenditure	487	224,878	-	224,878
Depreciation	(958)	588,525	-	588,525
Amortisation	741	3,196	-	3,196
Gain on disposal property, plant and equipment	(32)	13,629	(6,032)	7,597
Reversal of impairment losses on assets	56,774	56,774	-	56,774

Geographical information

Segments Subsea and Holding are managed on a worldwide basis but mainly operate and provide services in Thailand, 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			
	2019		2018	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Saudi Arabia	68,267	66,420	2,116,902	2,149,027
Qatar	34,002	8,975	1,056,812	293,977
Thailand	3,664	8,657	112,330	280,149
Indonesia	-	7,927	-	260,100
Malaysia	-	2,781	-	88,605
Total	105,933	94,760	3,286,044	3,071,858

	Assets			
	2019		2018	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Thailand	182,581	221,278	5,505,547	7,180,427
Cayman	99,995	97,053	3,015,249	3,149,350
Saudi Arabia	58,668	61,809	1,769,074	2,005,690
Qatar	22,387	15,149	675,058	491,582
Singapore	7,619	1,374	229,743	44,586
United Arab Emirates	2,512	4,619	75,746	149,886
Indonesia	-	8,001	-	259,631
Other countries	286	308	8,624	9,995
Total	374,048	409,591	11,279,041	13,291,147

Major customer

Revenues from the major customer of the Group's Segments Subsea represents approximately US Dollar 97.5 million (2018: US Dollar 59.4 million) of the Group's total revenues.

21 Cost of rendering of services

	Consolidated financial statements			
	2019 (in thousand US Dollar)	2018	2019 (in thousand Baht)	2018
Crew, staff and subcontractor costs	48,975	44,137	1,518,733	1,428,875
Vessel expenses and repair and maintenance expenses	27,325	31,715	848,106	1,027,039
Depreciation	18,192	17,537	564,876	567,246
Charter hire and equipment rental	5,591	2,759	173,884	89,612
Recharge expenses related to services provided	4,925	3,571	151,367	114,849
Mobilisation/demobilisation expense	4,037	4,013	124,995	129,951
Amortisation	7	36	221	1,154
Total	109,052	103,768	3,382,182	3,358,726

22 Administrative expenses

	Consolidated financial statements			
	2019 (in thousand US Dollar)	2018	2019 (in thousand Baht)	2018
Employee benefit expense	9,747	12,025	302,433	389,280
Impairment losses on assets	5,057	-	153,116	-
Professional fees	2,294	3,649	71,261	118,706
Withholding tax not recoverable	1,656	1,422	51,451	46,073
Depreciation	927	664	28,870	21,279
Travelling expenses	795	1,107	24,701	35,859
Bank charge	498	257	15,411	8,338
Office and office equipment rental	410	959	12,738	31,121
Amortisation	51	63	1,587	2,042
Bad and doubtful debts expenses	21	2,253	647	73,901
Insurance and port expenses	14	381	436	12,114
Others	2,187	2,202	69,933	69,939
Total	23,657	24,982	732,584	808,652

	Separate financial statements			
	2019 (in thousand US Dollar)	2018	2019 (in thousand Baht)	2018
(Reversal of) bad and doubtful debts expenses	2,662	(67)	80,600	(2,209)
Employee benefit expense	2,639	2,565	81,798	82,783
Professional fees	528	586	16,394	18,960
Travelling expenses	91	259	2,812	8,345
Amortisation	9	21	282	676
Office and office equipment rental	5	51	156	1,620
Others	794	678	24,653	21,763
Total	6,728	4,093	206,695	131,938

23 Employee benefit expense

	Consolidated financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Crew expenses and subcontractor	48,975	44,137	1,518,733	1,428,875
Wages and salaries	6,674	8,621	207,173	278,873
Staff welfare	1,537	2,023	47,742	65,540
Contribution to defined contribution plans and social security and expenses related to define benefit plans	1,050	975	32,429	31,611
Bonus	198	10	6,131	484
Others	288	396	8,958	12,772
Total	58,722	56,162	1,821,166	1,818,155
	Separate financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Wages and salaries	1,855	1,757	57,562	56,699
Staff welfare	318	328	9,870	10,599
Contribution to defined contribution plans and social security and expenses related to define benefit plans	253	145	7,795	4,680
Bonus	56	178	1,698	5,730
Others	157	157	4,873	5,075
Total	2,639	2,565	81,798	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.

24 Income tax expense

Income tax recognized in profit or loss

	Consolidated financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current tax expense				
Current taxes	627	133	19,618	4,121
Adjustment for prior year	9	552	275	18,111
	636	685	19,893	22,232
Deferred tax expense (benefit)				
Deferred taxes	(61)	189	(1,847)	6,221
Total	575	874	18,046	28,453

	Separate financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Deferred tax (benefit)				
Deferred taxes	(29)	(4)	(878)	(131)
Total	(29)	(4)	(878)	(131)

Income tax recognized in other comprehensive income

	Consolidated financial statements					
	2019			2018		
	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax <i>(in thousand US Dollar)</i>	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(26)	24	(2)	-	-	-
Total	(26)	24	(2)	-	-	-

	Consolidated financial statements					
	2019			2018		
	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(780)	718	(62)	-	-	-
Total	(780)	718	(62)	-	-	-

	Separate financial statements					
	2019			2018		
	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax <i>(in thousand US Dollar)</i>	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(12)	(2)	(14)	-	-	-
Total	(12)	(2)	(14)	-	-	-

	Separate financial statements					
	2019			2018		
	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax <i>(Note 17)</i>	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(376)	(60)	(436)	-	-	-
Total	(376)	(60)	(436)	-	-	-

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			
	2019 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand US Dollar)</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Loss before income tax – accounting	(23,641)	(26,424)	(731,675)	(852,801)
Tax at the domestic rate of 20%	(4,728)	(5,285)	(146,335)	(170,560)
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	1,510	1,307	46,882	42,230
Income not subject to tax and additional taxable expenses	(649)	(1,647)	(20,150)	(53,216)
Expenses not deductible for tax purposes	4,401	1,604	136,381	51,563
Utilisation of previously unrecognised tax losses	-	(122)	-	(3,942)
Tax losses and temporary differences for which no deferred income tax were recognised	1,871	4,634	58,090	149,728
Adjustments in respect of prior year	9	552	275	18,111
Remeasurement of gain on exchange rate of US Dollar financial statement	(1,527)	(215)	(47,410)	(6,947)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	(312)	46	(9,687)	1,486
Total income tax expense	575	874	18,046	28,453
The average effective tax rate	2%	3%	2%	3%

	Separate financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Profit (loss) before income tax – accounting	9,978	(1,019)	315,154	(32,118)
Tax at the domestic rate of 20%	1,996	(204)	63,031	(6,424)
Adjustments:				
Expenses not deductible for tax purposes	522	(56)	15,170	(1,979)
Tax losses for which no deferred income tax assets were recognised	783	594	24,310	19,193
Remeasurement of gain on exchange rate of US Dollar financial statement	(2,935)	(240)	(91,125)	(7,755)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	(395)	(98)	(12,264)	(3,166)
Total income tax expense (benefit)	(29)	(4)	(878)	(131)
The average effective tax rate	0%	0%	0%	0%

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

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>			
Total	2,139	2,281	-	-
Net deferred tax assets	2,139	2,281	-	-

	Consolidated financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Total	64,499	74,018	-	-
Net deferred tax assets	64,499	74,018	-	-

	Separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>			
Total	48	21	-	-
Net deferred tax assets	48	21	-	-

	Separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Total	1,447	681	-	-
Net deferred tax assets	1,447	681	-	-

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

	Consolidated financial statements				At 31 December 2019
	(Charged) / Credited to :				
	At 1 January 2019	Profit or loss	Other comprehensive income	Disposal from deconsolidation of a subsidiary	
	<i>(in thousand US Dollar)</i>				
Deferred tax assets					
Property, plant and equipment	173	-	-	(20)	153
Provisions	345	-	-	-	345
Retirement benefits obligation	269	61	24	(207)	147
Loss carry forward	1,494	-	-	-	1,494
Total	2,281	61	24	(227)	2,139

	Consolidated financial statements					At 31 December 2019
	(Charged) / Credited to :					
	At 1 January 2019	Profit or loss	Other comprehensive income	Disposal from deconsolidation of a subsidiary	Translation adjustments	
	<i>(in thousand Baht)</i>					
Deferred tax assets						
Property, plant and equipment	5,614	-	-	(606)	(394)	4,614
Provisions	11,195	-	-	-	(792)	10,403
Retirement benefits obligation	8,729	1,847	718	(6,267)	(594)	4,433
Loss carry forward	48,480	-	-	-	(3,431)	45,049
Total	74,018	1,847	718	(6,873)	(5,211)	64,499

	Consolidated financial statements			
	(Charged) / Credited to :			
	At 1 January 2018	Profit or loss	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				
	At 1 January 2018	(Charged) / Credited to :			At 31 December 2018
	Profit or loss	Other comprehensive income	Translation adjustments		
	<i>(in thousand Baht)</i>				
Deferred tax assets					
Property, plant and equipment	10,033	(4,416)	-	(3)	5,614
Provisions	11,275	-	-	(80)	11,195
Retirement benefits obligation	10,589	(1,805)	-	(55)	8,729
Loss carry forward	48,825	-	-	(345)	48,480
Total	80,722	(6,221)	-	(483)	74,018

	Separate financial statements				
	At 1 January 2019	(Charged) / Credited to :			At 31 December 2019
	Profit or loss	Other comprehensive income			
	<i>(in thousand US Dollar)</i>				
Deferred tax assets					
Retirement benefits obligation	21	29	(2)		48
Total	21	29	(2)		48

	Separate financial statements				
	At 1 January 2019	(Charged) / Credited to :			At 31 December 2019
	Profit or loss	Other comprehensive income	Translation adjustments		
	<i>(in thousand Baht)</i>				
Deferred tax assets					
Retirement benefits obligation	681	878	(60)	(52)	1,447
Total	681	878	(60)	(52)	1,447

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

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

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

	Consolidated financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Tax losses	16,155	13,644	489,141	447,686
Impairment losses on property, plant and equipment and related supplies and spare parts	10,051	9,434	304,324	309,547
Impairment losses on goodwill	1,614	1,614	48,869	52,958
Bad and doubtful debts	3,179	9	96,254	295
Total	30,999	24,701	938,588	810,486

	Separate financial statements			
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Impairment losses on investments in subsidiaries	2,120	2,120	64,189	69,561
Tax losses	2,406	1,565	72,849	51,351
Bad and doubtful debts	11,585	258	350,771	8,465
Total	16,111	3,943	487,809	129,377

As at 31 December 2019, 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	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
2020	9,517	288,156
2021	3,994	120,930
2022	12,676	383,804
2023	45,469	1,376,711
2024	9,120	276,137
	80,776	2,445,738

25 Earnings (losses) per share

Basic earnings (losses) per share

The calculations of basic earnings (losses) per share for the year ended 31 December 2019 and 2018 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			
	2019 <i>(in thousand US Dollar/ thousand shares)</i>	2018 <i>(in thousand US Dollar/ thousand shares)</i>	2019 <i>(in thousand Baht/ thousand shares)</i>	2018 <i>(in thousand Baht/ thousand shares)</i>
Loss attributable to ordinary shareholders of the Company (basic)	(24,258)	(27,193)	(751,000)	(877,782)
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Losses per share (basic)	<i>(in US dollar)</i> (0.0172)	(0.0192)	<i>(in Baht)</i> (0.5314)	(0.6211)
	Separate financial statements			
	2019 <i>(in thousand US Dollar/ thousand shares)</i>	2018 <i>(in thousand US Dollar/ thousand shares)</i>	2019 <i>(in thousand Baht/ thousand shares)</i>	2018 <i>(in thousand Baht/ thousand shares)</i>
Profit (loss) attributable to ordinary shareholders of the Company (basic)	10,007	(1,015)	316,032	(31,987)
Number of ordinary shares outstanding (basic)	1,413,329	1,413,329	1,413,329	1,413,329
Earnings (losses) per share (basic)	<i>(in US dollar)</i> 0.0071	(0.0007)	<i>(in Baht)</i> 0.2236	(0.0226)

26 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 16).

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	
	2019	2018	2019	2018
	<i>(in thousand US Dollar)</i>			
Thai Baht				
Cash and cash equivalents	1,680	6,740	796	343
Trade accounts receivable	291	188	-	-
Receivables from related parties	-	-	117,991	157,866
Long-term loans to related parties	-	-	36,256	55,902
Trade accounts payable	(1,273)	(209)	-	-
Other accounts payable	(909)	(1,009)	(699)	(637)
Gross balance sheet exposure	(211)	5,710	154,344	213,474
Singapore Dollar				
Cash and cash equivalents	75	112	-	-
Trade accounts payable	(37)	(58)	-	-
Other accounts payable	(140)	(214)	-	-
Gross balance sheet exposure	(102)	(160)	-	-
Qatari Rial				
Cash and cash equivalents	405	653	-	-
Restricted cash equivalent	1,070	-	-	-
Trade accounts payable	(675)	(45)	-	-
Other accounts payable	(217)	(331)	-	-
Gross balance sheet exposure	583	277	-	-

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Exposure to credit risk

Unless otherwise stated in note 27, the Group's maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
Impairment loss on trade receivables and contract assets arising from contracts with customers	21	2,253	647	73,901
	21	2,253	647	73,901
	Separate financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018	2019 <i>(in thousand Baht)</i>	2018
(Reversal of) impairment loss on other Receivables and loan to related parties	2,662	(67)	80,600	(2,209)
	2,662	(67)	80,600	(2,209)

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including not-credit impaired and credit-impaired receivable.

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2019

Expected credit loss model is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust historical credit loss experience with forward-looking information. At each reporting period, historical default rates and forward-looking information are updated. The Group also evaluates expected credit loss on credit-impaired receivables separately at each reporting period.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at 1 January and 31 December 2019:

Balance as at 1 January 2019						
Consolidated financial statements	Weight average loss rate (%)	Gross carrying amount <i>(in thousand US Dollar)</i>	Impairment loss allowance <i>(in thousand US Dollar)</i>	Gross carrying amount <i>(in thousand Baht)</i>	Impairment loss allowance <i>(in thousand Baht)</i>	Credit- impaired
Within credit terms	1.6	3,653	(60)	118,538	(1,947)	No
Overdue:						
Less than 3 months	1.3	15,543	(199)	504,367	(6,458)	No
3-6 months	7.1	1,978	(141)	64,186	(4,575)	No
6-12 months	100	8,336	(807)	270,502	(26,187)	Yes
Over 12 months	100	3,632	(3,074)	117,859	(99,751)	Yes
Contract asset – accrued income	0	33,142	(4,281)	1,075,452	(138,918)	No
Total		35,720	(4,281)	1,159,108	(138,918)	
Balance as at 31 December 2019						
Consolidated financial statements	Weight average loss rate (%)	Gross carrying amount <i>(in thousand US Dollar)</i>	Impairment loss allowance <i>(in thousand US Dollar)</i>	Gross carrying amount <i>(in thousand Baht)</i>	Impairment loss allowance <i>(in thousand Baht)</i>	Credit- impaired
Within credit terms	0.0	9,432	-	284,412	-	No
Overdue:						
Less than 3 months	1.1	11,318	(126)	341,283	(3,799)	No
3-6 months	7.1	4,604	(325)	138,829	(9,800)	No
6-12 months	100	69	(69)	2,081	(2,081)	Yes
Over 12 months	100	7,706	(3,700)	232,367	(111,570)	Yes
Contract asset – accrued income	0	33,129	(4,220)	998,972	(127,250)	No
Total		38,978	(4,220)	1,175,343	(127,250)	

Trade accounts receivable that are individually determined to be credit-impaired at the reporting date relate to debtors that are in defaulted on payments. The allowance for impairment recorded in relation to these receivables represents the net amount after deducting the debtors' payables due from the Group, if any.

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows. Comparative amounts for 2019 represent the allowance account for impairment losses under TAS 101.

	Consolidated financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Balance at 31 December 2018 under TAS 101	2,818	91,444
Adjustment on initial application of TFRS 9	1,463	47,474
Balance at 1 January 2019 under TFRS 9	4,281	138,918
Amounts written off	(82)	(2,661)
Impairment loss	21	647
Translation adjustment	-	(9,654)
Balance at 31 December	4,220	127,250

Trade receivables with a contractual amount of US Dollar 0.1 million or equivalent to Baht 2.7 million written off during 2019 are still subject to enforcement activity.

Other receivable and loan to related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each related party. However, management also considers the factors that may influence the credit risk, including the default risk associated with the industry and country in which they operate. Impairment on other receivable and loan to related parties have been measured on the 12-month expected loss basis, or the lifetime expected loss basis if the Group becomes aware of credit-impaired at the reporting date.

Outstanding balances with related party are unsecured and repayable on demand. ECL is assessed from estimated cash flows recoverable from the related parties and subsidiaries based on the review of their financial strength as at the reporting date.

Movements in the allowance for impairment in respect of other receivable and loan to related parties

The movement in the allowance for impairment in respect of other receivable and loan to related parties during the year was as follows. Comparative amounts for 2019 represent the allowance account for impairment losses under TAS 105.

	Separate financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Balance at 31 December 2018 under TAS 105	1,292	41,925
Adjustment on initial application of TFRS 9	53,974	1,751,446
Balance at 1 January 2019 under TFRS 9	55,266	1,793,371
Impairment loss	2,662	80,600
Translation adjustment	-	(127,210)
Balance at 31 December	57,928	1,746,761

Other debt securities held to maturity

The Group's policy is to invest in other debt securities held to maturity which are available on active markets, have maturities not over one year, and do not meet the criteria of being credit-impaired at initial recognition. The Group monitors whether the debt securities are credit-impaired at each reporting date.

Impairment on other debt securities held to maturity have been measured on the 12-month expected loss basis, or the lifetime expected loss basis if the Group becomes aware of credit-impaired at the reporting date.

As at 31 December 2019, the Group did not have any debt securities that met the definition of being credit-impaired.

Cash and cash equivalent

Cash and cash equivalents have maturities of three months or less, and are placed with financial institutions which are regulated, so the amount of credit risk is considered to be negligible.

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. As at 31 December 2019, the Group has issued a guarantee to certain banks in respect of credit facilities granted to a subsidiary.

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 2019 and 2018, except for equity securities held for trading disclosed in Note 8 and loans from financial institutions disclosed in Note 16, 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.

27 Guarantees

As at 31 December 2019 and 2018, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements					
	31 December 2019				31 December 2018	
	thousand Baht	thousand USD	thousand SAR	thousand QAR	thousand Baht	thousand USD
Letters of guarantee issued by financial institutions in the normal course of business	15,600	4,434	4,350	3,878	15,600	13,824
Guarantee for long-term borrowings of subsidiary to financial institution	-	56,000	-	-	-	68,000

	Separate financial statements			
	2019		2018	
	thousand Baht	thousand USD	thousand Baht	thousand USD
Letters of guarantee issued by financial institutions in the normal course of business	400	-	400	8,750
Guarantee for long-term loans of subsidiaries to financial institutions	-	56,000	-	68,000

28 Other events

Reference is made to Note 5 regarding the loss of control in PTSSI. The Group, through its other indirect subsidiary Seascope Surveys Pte. Ltd. ("Seascope Surveys"), is a party to or involved in a number of legal proceedings in Indonesia related to the shareholdings and management affairs of PTSSI. A summary of the outstanding court cases as at 31 December 2019 are as follows:

- (a) A case was filed in the Bekasi District Court by the Criminal Investigation Department of the National Police alleging that Ms. Margaretta Retno Sundari and other co-defendants had engaged in the forgery of letters, providing false statements in an authentic deed, and fraud, all related to the transfer of ownership of 368 (46%) shares in PTSSI, with Seascope Surveys as the reporting party. The Bekasi District Court ruled that the charges against Ms. Margaretta Retno Sundari were proven but such acts were not criminal acts but relates to share ownership which shall actually be settled by civil law. Accordingly, the court directed that Seascope Surveys should instead file a civil lawsuit against such acts. The Public Prosecutor had filed an appeal to the Supreme Court and it was subsequently reported on the Supreme Court website that the appeal has been denied although a copy of that verdict has not yet been issued.
- (b) A case was filed in the Central Jakarta District Court by Ms. Margaretta Retno Sundari against Seascope Surveys and other co-defendants to, among other things, annul the Shareholders Agreement made in 2013 between the plaintiff and Seascope Surveys in relation to 368 (46%) shares of PTSSI on allegation that it is a nominee agreement and against applicable Indonesian laws and regulations.

- (c) A case was filed in the South Jakarta District Court by PTSSI against Seascope Surveys and other co-defendants to, among other things, request the court to allow PTSSI to hold an extraordinary meeting of shareholders to approve an amendment to PTSSI's articles of association to change term of office of the directors from previously three (3) years to five (5) years, and to ratify the directors' actions to sell the vessel "SS Barakuda", such resolutions to be passed by fifty percent present and voting.
- (d) A case was filed in the South Jakarta District Court by Ms. Margaretta Retno Sundari against Seascope Surveys and another co-defendant to, among other things, challenge the validity of 198 (25%) shares held by Seascope Surveys through alleging that Seascope Surveys had declined or been unwilling to pay for its shares during an alleged capital increase in 2013. The plaintiff also claimed compensation for alleged material losses of IDR 30,810.7 million from payments made to Seascope Surveys during 2005 to 2011, IDR 694.6 million on allegation that the plaintiff never received payment for her transfer of shares to Seascope Surveys in 2007, and IDR 27,263.7 million for alleged dividends not received by the plaintiff.

The Group believes that it will be successfully able to defend the claims and accordingly the Group did not record any related provisions in its consolidated financial statements.

29 Commitments with non-related parties

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

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

	Consolidated financial statements			
	2019 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand US Dollar)</i>	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	268	766	8,081	24,857
After one year but within five years	-	1,489	-	48,318
After five years	-	372	-	12,071
Total	268	2,627	8,081	85,246

30 Events after the reporting period

Incorporation of a subsidiary

At the Board of Directors' meeting of Mermaid Subsea Service (Thailand) Ltd. ("MSST"), a direct subsidiary, held on 31 January 2020, MSST's Board of Directors approved to set up a new foreign subsidiary, Mermaid Subsea Services (UK) Limited ("MSS UK"), which is fully owned by MSST. The main business of this subsidiary is to provide subsea and related services. MSS UK was incorporated on 7 February 2020 with GBP 100 thousand authorized share capital.

Increase in share capital of a subsidiary

On 7 February 2020, the shareholders of Mermaid Subsea Services (Malaysia) Ltd. ("MSSM") approved the increase in share capital of MSSM by MYR 200.0 thousand, from MYR 350.0 thousand to MYR 550.0 thousand. The additional shares were authorized and issued on 7 February 2020.

New loan facility agreement

On 28 January 2020, MSST entered into a new loan facility agreement with a financial institution to fund the maintenance and repairs of its vessels. The loan facility is for up to US Dollar 8.0 million. These borrowings will bear interest at the rate of USD-LIBOR plus a certain margin, will be secured by mortgages of the support vessels mentioned in note 14, and will be guaranteed by the Company.

31 Thai Financial Reporting Standards (TFRS) not yet adopted

TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 29. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Transition

The Group plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The preliminary impact assessment of initially applying TFRS 16 on the financial statements is as follows:

	Consolidated financial statements 2020	Separate financial statements 2020
	<i>(in thousand US Dollar)</i>	
<i>Statement of financial position At 1 January</i>		
Increase in right-of-use assets	337	225
Increase (decrease) in deferred tax assets	64	44
Increase in lease liabilities	(322)	(218)
(Increase) decrease in retained earnings	(79)	(51)
	Consolidated financial statements 2020	Separate financial statements 2020
	<i>(in thousand Baht)</i>	
<i>Statement of financial position At 1 January</i>		
Increase in right-of-use assets	10,175	6,812
Increase (decrease) in deferred tax assets	1,944	1,316
Increase in lease liabilities	(9,720)	(6,582)
(Increase) decrease in retained earnings	(2,399)	(1,546)

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	Dr. Vincent Siaw
Corporate Head Office (Location of Register of Securities)	No. 26/28-29, Orakarn Building, 9th Floor, Soi Chidlom, Ploenchit Road, Kwaeng Lumpinee, Khet Pathumwan, Bangkok 10330, Thailand
Telephone	+662 255 3115 (local dial 02 255 3115) +662 255 3116 (local dial 02 255 3116)
Facsimile	+662 255 1079 (local dial 02 255 1079)
Type of Business	Subsea Engineering Services, Offshore Drilling Services and Investments
Registered Capital	Baht 1,416,700,697
Paid-up Capital	Baht 1,413,328,857
No. of Issued Shares	1,413,328,857 ordinary shares
Par Value/Share	Baht 1
Corporate Website:	http://www.mermaid-group.com
Investor Relations E-mail:	ir@mermaid-group.com (as at 18 March 2020)



Location



MERMAID

Mermaid Maritime Public Company Limited

26/28-29, Orakarn Building, 9th Floor,

Soi Chidlom, Ploenchit Road, Lumpinee,

Pathumwan, Bangkok 10330, Thailand

Tel. +66 (0) 2255-3115 Fax +66 (0) 2255-1079

www.mermaid-group.com



Scan for Download