

**Mermaid Maritime Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2016  
and  
**Independent Auditor's report**



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## Independent Auditor's Report

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

#### *Opinion*

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

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

#### *Basis for Opinion*

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

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*Key Audit Matters*

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

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



### *Other Information*

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

(Pornthip Rimdusit)  
Certified Public Accountant  
Registration No. 5565

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2017

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of financial position

### Consolidated financial statements

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of financial position

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of financial position

| <b>Consolidated financial statements</b>                |             |                                |                |                           |                   |
|---|-------------|--------------------------------|----------------|---------------------------|-------------------|
| <b>Liabilities and equity</b>                           | <i>Note</i> | 31 December                    |                | 31 December               |                   |
|   |             | 2016                           | 2015           | 2016                      | 2015              |
|   |             | <i>(in thousand US Dollar)</i> |                | <i>(in thousand Baht)</i> |                   |
| <b>Equity</b>   |             |                                |                |                           |                   |
| Share capital   | 21          |                                |                |                           |                   |
| Authorised share capital                                |             | -                              | -              | 1,416,701                 | 1,416,701         |
| Issued and paid-up share capital                        |             | 47,322                         | 47,322         | 1,413,329                 | 1,413,329         |
| Premium on share capital                                | 21, 36      | 343,536                        | 422,563        | 12,271,678                | 13,558,613        |
| Retained earnings (Deficit)                             |             |                                |                |                           |                   |
| Appropriated  | 22, 36      | -                              | 4,503          | -                         | 141,670           |
| Deficit   | 36          | (50,400)                       | (151,031)      | (3,529,009)               | (5,558,241)       |
| Other components of equity                              |             | (1,801)                        | (1,790)        | 1,981,528                 | 2,052,530         |
| <b>Equity attributable to owners of<br/>the Company</b> |             | <b>338,657</b>                 | <b>321,567</b> | <b>12,137,526</b>         | <b>11,607,901</b> |
| Non-controlling interests                               |             | (410)                          | (528)          | (17,901)                  | (22,053)          |
| <b>Total equity</b>                                     |             | <b>338,247</b>                 | <b>321,039</b> | <b>12,119,625</b>         | <b>11,585,848</b> |
| <b>Total liabilities and equity</b>                     |             | <b>472,085</b>                 | <b>499,805</b> | <b>16,915,133</b>         | <b>18,037,263</b> |

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of financial position

### Separate financial statements

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of financial position

|  |        | Separate financial statements  |                |                           |                   |
|--|--------|--------------------------------|----------------|---------------------------|-------------------|
|  |        | 31 December                    |                | 31 December               |                   |
| Liabilities and equity                               | Note   | 2016                           | 2015           | 2016                      | 2015              |
|  |        | <i>(in thousand US Dollar)</i> |                | <i>(in thousand Baht)</i> |                   |
| <b>Current liabilities</b>                           |        |                                |                |                           |                   |
| Other payables                                       | 4,19   | 36,332                         | 36,630         | 1,301,800                 | 1,321,925         |
| Income tax payable                                   |        | 8                              | 754            | 287                       | 27,211            |
| <b>Total current liabilities</b>                     |        | <b>36,340</b>                  | <b>37,384</b>  | <b>1,302,087</b>          | <b>1,349,136</b>  |
| <b>Non-current liabilities</b>                       |        |                                |                |                           |                   |
| Employee benefit obligations                         | 20     | 73                             | 103            | 2,616                     | 3,717             |
| <b>Total non-current liabilities</b>                 |        | <b>73</b>                      | <b>103</b>     | <b>2,616</b>              | <b>3,717</b>      |
| <b>Total liabilities</b>                             |        | <b>36,413</b>                  | <b>37,487</b>  | <b>1,304,703</b>          | <b>1,352,853</b>  |
| <b>Equity</b>  |        |                                |                |                           |                   |
| Share capital  | 21     |                                |                |                           |                   |
| Authorised share capital                             |        | -                              | -              | 1,416,701                 | 1,416,701         |
| Issued and paid-up share capital                     |        | 47,322                         | 47,322         | 1,413,329                 | 1,413,329         |
| Premium on share capital                             | 21, 36 | 343,536                        | 422,563        | 12,271,678                | 13,558,613        |
| Differences arising from common control transactions | 22     | (7,406)                        | (7,406)        | (239,757)                 | (239,757)         |
| Retained earnings (Deficit)                          |        |                                |                |                           |                   |
| Appropriated   | 22, 36 | -                              | 4,503          | -                         | 141,670           |
| Unappropriated (Deficit)                             | 36     | 3,277                          | (83,454)       | (1,370,244)               | (2,912,853)       |
| Other components of equity                           |        | 28                             | 28             | 1,782,769                 | 1,880,997         |
| <b>Total equity</b>                                  |        | <b>386,757</b>                 | <b>383,556</b> | <b>13,857,775</b>         | <b>13,841,999</b> |
| <b>Total liabilities and equity</b>                  |        | <b>423,170</b>                 | <b>421,043</b> | <b>15,162,478</b>         | <b>15,194,852</b> |

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income**

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income**

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of comprehensive income

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

|  | Consolidated financial statements      |                             |                         |  |   |                                       |   |                                  |                 |       |         |
|--|--|-----------------------------|-------------------------|--|---|---------------------------------------|---|----------------------------------|-----------------|-------|---------|
|  | Retained earnings (Deficit)            |                             |                         | Other components of equity             |   |                                       |   |                                  |                 |       |         |
|  | Issued and<br>paid-up<br>share capital | Premium on<br>share capital | Appropriated<br>Deficit | Currency<br>translation<br>differences | Share-based<br>payment<br>ownership interests | Changes in<br>components<br>of equity | Equity<br>attributable to<br>owners of<br>the Company | Non-<br>controlling<br>interests | Total<br>equity |       |         |
| <b>Year ended 31 December 2016</b>                             |  |                             |                         |  |   |                                       |   |                                  |                 |       |         |
| <b>Balance at 1 January 2016</b>                               | 47,322                                 | 422,563                     | 4,503                   | (151,031)                              | 1,348   | 28                                    | (3,166)   | (1,790)                          | 321,567         | (528) | 321,039 |
| <b>Comprehensive income for the year</b>                       |  |                             |                         |  |   |                                       |   |                                  |                 |       |         |
| Profit or loss   | -                                      | -                           | -                       | 17,107                                 | -   | -                                     | -   | -                                | 17,107          | 119   | 17,226  |
| Defined benefit plan actuarial losses,<br>net of tax           | -                                      | -                           | -                       | (6)                                    | -   | -                                     | -   | -                                | (6)             | -     | (6)     |
| Exchange differences on<br>translating financial statements    | -                                      | -                           | -                       | -                                      | (11)  | -                                     | -   | (11)                             | (11)            | (1)   | (12)    |
| <b>Total comprehensive income for the year</b>                 | -                                      | -                           | -                       | 17,101                                 | (11)  | -                                     | -   | (11)                             | 17,090          | 118   | 17,208  |
| Transfer premium on share<br>capital to compensate for deficit | 36                                     | (79,027)                    | -                       | 79,027                                 | -   | -                                     | -   | -                                | -               | -     | -       |
| Transfer legal reserve to<br>compensate for deficit            | 36                                     | -                           | (4,503)                 | 4,503                                  | -   | -                                     | -   | -                                | -               | -     | -       |
| <b>Balance at 31 December 2016</b>                             | 47,322                                 | 343,536                     | -                       | (50,400)                               | 1,337   | 28                                    | (3,166)   | (1,801)                          | 338,657         | (410) | 338,247 |

(in thousand US Dollar)

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of changes in equity

| Year ended 31 December 2015<br>Balance at 1 January 2015<br>Transactions with owners, recorded<br>directly in equity<br><i>Distributions to owners of the Company</i><br>Dividends to owners of the Company<br><i>Total distributions to owners of the Company</i><br>Total transactions with owners, recorded<br>directly in equity<br><br>Comprehensive income (loss) for the year<br>Profit or loss<br>Defined benefit plan actuarial gains,<br>net of tax<br>Exchange differences on<br>translating financial statements<br>Total comprehensive income (loss)<br>for the year<br>Balance at 31 December 2015 | Consolidated financial statements      |                             |                           |                             |  |                        |                                   |   |   |                                  |
|--|--|-----------------------------|---------------------------|-----------------------------|--|------------------------|-----------------------------------|---|---|----------------------------------|
|  | Other components of equity             |                             |                           |                             |  |                        |                                   |   |   |                                  |
|  | Issued and<br>paid-up<br>share capital | Premium on<br>share capital | Appropriated<br>(Deficit) | Unappropriated<br>(Deficit) | Currency<br>translation<br>differences | Share-based<br>payment | Changes in<br>ownership interests | Total<br>other<br>components<br>of equity | Equity<br>attributable to<br>owners of<br>the Company | Non-<br>controlling<br>interests |
| 1,413,329  | 13,558,613                             | 141,670                     | 2,940,066                 | 652,321                     | 874                                    | (111,483)              | 541,712                           | 18,595,390                                | 59,492  | 18,654,882                       |
|  |  |                             |                           |                             |  |                        |                                   | (398,700)                                 |   | (398,700)                        |
|  |  |                             |                           |                             |  |                        |                                   | (398,700)                                 |   | (398,700)                        |
|  |  |                             |                           |                             |  |                        |                                   | (398,700)                                 |   | (398,700)                        |
|  |  |                             |                           |                             |  |                        |                                   | (398,700)                                 |   | (398,700)                        |
|  |  |                             |                           |                             |  |                        |                                   | (8,102,998)                               | (79,285)  | (8,182,283)                      |
|  |  |                             |                           |                             |  |                        |                                   | 3,391                                     |   | 3,391                            |
|  |  |                             |                           |                             |  |                        |                                   | 1,510,818                                 | (2,260)   | 1,508,558                        |
|  |  |                             |                           |                             |  |                        |                                   | 1,510,818                                 | (81,545)  | (6,670,334)                      |
|  |  |                             |                           |                             |  |                        |                                   | 2,163,139                                 | (22,053)  | 11,585,848                       |

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



**Mermaid Maritime Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

|  |   | <b>Consolidated financial statements</b> |                          |                                  |                    |                                  |  |                                |                           |                   |
|--|---|--|--------------------------|----------------------------------|--------------------|----------------------------------|--|--------------------------------|---------------------------|-------------------|
|  |   | Other components of equity               |                          |                                  |                    |                                  |  |                                |                           |                   |
|  |   | Retained earnings (Deficit)              |                          | Total other components of equity |                    |                                  | Equity attributable to owners of the Company |                                |                           |                   |
|  |   | Issued and paid-up share capital         | Premium on share capital | Appropriated                     | Deficit            | Currency translation differences | Share-based payment                          | Changes in ownership interests | Non-controlling interests | Total equity      |
|  |   | <i>(in thousand Baht)</i>                |                          |                                  |                    |                                  |  |                                |                           |                   |
|  | <b>Year ended 31 December 2016</b>                          |  |                          |                                  |                    |                                  |  |                                |                           |                   |
|  | <b>Balance at 1 January 2016</b>                            | 1,413,329                                | 13,558,613               | 141,670                          | (5,558,241)        | 2,163,139                        | 874  | (111,483)                      | (22,053)                  | 11,585,848        |
|  | <b>Comprehensive income for the year</b>                    |  |                          |                                  |                    |                                  |  |                                |                           |                   |
|  | Profit or loss  | -  | -                        | -                                | 600,842            | -                                | -  | -                              | 4,187                     | 605,029           |
|  | Defined benefit plan actuarial losses, net of tax           | -  | -                        | -                                | (215)              | -                                | -  | -                              | -                         | (215)             |
|  | Exchange differences on translating financial statements    | -  | -                        | -                                | -                  | (71,002)                         | -  | -                              | (35)                      | (71,037)          |
|  | <b>Total comprehensive income for the year</b>              | -  | -                        | -                                | 600,627            | (71,002)                         | -  | -                              | 4,152                     | 533,777           |
|  | Transfer premium on share capital to compensate for deficit | 36                                       | (1,286,935)              | -                                | 1,286,935          | -                                | -  | -                              | -                         | -                 |
|  | Transfer legal reserve to compensate for deficit            | 36                                       | -                        | (141,670)                        | 141,670            | -                                | -  | -                              | -                         | -                 |
|  | <b>Balance at 31 December 2016</b>                          | <b>1,413,329</b>                         | <b>12,271,678</b>        | <b>-</b>                         | <b>(3,529,009)</b> | <b>2,092,137</b>                 | <b>874</b>                                   | <b>(111,483)</b>               | <b>(17,901)</b>           | <b>12,119,625</b> |

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of changes in equity

| Year ended 31 December 2015            | Separate financial statements    |                          |  |                             |                          |                     | Total equity |
|--|----------------------------------|--------------------------|--|-----------------------------|--------------------------|---------------------|--------------|
|  | Issued and paid-up share capital | Premium on share capital | Differences arising from common control transactions | Retained earnings (Deficit) |                          | Share-based payment |              |
|  |                                  |                          |  | Appropriated                | Unappropriated (Deficit) |                     |              |
| 47,322                                 | 422,563                          | (7,406)                  | 4,503  | 12,129                      | 28                       | 479,139             |              |
| <i>(in thousand US Dollar)</i>         |                                  |                          |  |                             |                          |                     |              |
| 47,322                                 | 422,563                          | (7,406)                  | 4,503  | 12,129                      | 28                       | 479,139             |              |
| -                                      | -                                | -                        | -  | (12,296)                    | -                        | (12,296)            |              |
| -                                      | -                                | -                        | -  | (12,296)                    | -                        | (12,296)            |              |
| -                                      | -                                | -                        | -  | (12,296)                    | -                        | (12,296)            |              |
| <b>Comprehensive loss for the year</b> |                                  |                          |  |                             |                          |                     |              |
| -                                      | -                                | -                        | -  | (83,287)                    | -                        | (83,287)            |              |
| -                                      | -                                | -                        | -  | (83,287)                    | -                        | (83,287)            |              |
| 47,322                                 | 422,563                          | (7,406)                  | 4,503  | (83,454)                    | 28                       | 383,556             |              |

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of changes in equity

|   | Separate financial statements    |                          |  |                                |                          |                     | Total equity   |
|---|----------------------------------|--------------------------|--|--------------------------------|--------------------------|---------------------|----------------|
|   | Issued and paid-up share capital | Premium on share capital | Differences arising from common control transactions | Retained earnings (Deficit)    |                          | Share-based payment |                |
|   |                                  |                          |  | Appropriated                   | Unappropriated (Deficit) |                     |                |
|   |                                  |                          |  | <i>(in thousand US Dollar)</i> |                          |                     |                |
| <b>Year ended 31 December 2016</b>                          |                                  |                          |  |                                |                          |                     |                |
| <b>Balance at 1 January 2016</b>                            | 47,322                           | 422,563                  | (7,406)  | 4,503                          | (83,454)                 | 28                  | 383,556        |
| <b>Comprehensive income for the year</b>                    |                                  |                          |  |                                |                          |                     |                |
| Profit or loss  | -                                | -                        | -  | -                              | 3,169                    | -                   | 3,169          |
| Defined benefit plan actuarial gains, net of tax            | -                                | -                        | -  | -                              | 32                       | -                   | 32             |
| <b>Total comprehensive income for the year</b>              | -                                | -                        | -  | -                              | 3,201                    | -                   | 3,201          |
| Transfer premium on share capital to compensate for deficit | 36                               | (79,027)                 | -  | -                              | 79,027                   | -                   | -              |
| Transfer legal reserve to compensate for deficit            | 36                               | -                        | -  | (4,503)                        | 4,503                    | -                   | -              |
| <b>Balance at 31 December 2016</b>                          | <u>47,322</u>                    | <u>343,536</u>           | <u>(7,406)</u>                                       | <u>-</u>                       | <u>3,277</u>             | <u>28</u>           | <u>386,757</u> |

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of changes in equity

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

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of changes in equity

|             |  | Separate financial statements          |                             |  |                                    |                             |  |   |   |                   |
|-------------|--|--|-----------------------------|--|------------------------------------|-----------------------------|--|---|---|-------------------|
|             |  | Retained earnings (Deficit)            |                             |  |                                    |                             |  | Total   |   |                   |
|             |  | Issued and<br>paid-up<br>share capital | Premium on<br>share capital | Differences arising<br>from common<br>control transactions | Appropriated<br>(in thousand Baht) | Unappropriated<br>(Deficit) | Currency<br>translation<br>differences | Share-based<br>payment<br>of equity<br>components | Total<br>other<br>components<br>of equity |                   |
| <i>Note</i> |  |  |                             |  |                                    |                             |  |   |   |                   |
|             | <b>Year ended 31 December 2016</b>                             |  |                             |  |                                    |                             |  |   |   |                   |
|             | <b>Balance at 1 January 2016</b>                               | 1,413,329                              | 13,558,613                  | (239,757)  | 141,670                            | (2,912,853)                 | 1,880,123                              | 874   | 1,880,997                                 | 13,841,999        |
|             | <b>Comprehensive income (loss) for the year</b>                |  |                             |  |                                    |                             |  |   |   |                   |
|             | Profit or loss   | -                                      | -                           | -  | -                                  | 112,857                     | -                                      | -   | -   | 112,857           |
|             | Defined benefit plan actuarial gains,<br>net of tax            | -                                      | -                           | -  | -                                  | 1,147                       | -                                      | -   | -   | 1,147             |
|             | Exchange differences on<br>translating financial statements    | -                                      | -                           | -  | -                                  | -                           | (98,228)                               | -   | (98,228)                                  | (98,228)          |
|             | <b>Total comprehensive income (loss) for the year</b>          | -                                      | -                           | -  | -                                  | 114,004                     | (98,228)                               | -   | (98,228)                                  | 15,776            |
|             | Transfer premium on share capital<br>to compensate for deficit | 36                                     | (1,286,935)                 | -  | -                                  | 1,286,935                   | -                                      | -   | -   | -                 |
|             | Transfer legal reserve to<br>compensate for deficit            | 36                                     | -                           | -  | (141,670)                          | 141,670                     | -                                      | -   | -   | -                 |
|             | <b>Balance at 31 December 2016</b>                             | <b>1,413,329</b>                       | <b>12,271,678</b>           | <b>(239,757)</b>   | <b>-</b>                           | <b>(1,370,244)</b>          | <b>1,781,895</b>                       | <b>874</b>  | <b>1,782,769</b>                          | <b>13,857,775</b> |

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of cash flows

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of cash flows

|  | <b>Consolidated financial statements</b> |                        |                           |                         |
|--|--|------------------------|---------------------------|-------------------------|
|  | Year ended 31 December                   |                        | Year ended 31 December    |                         |
|  | 2016                                     | 2015                   | 2016                      | 2015                    |
|  | <i>(in thousand US Dollar)</i>           |                        | <i>(in thousand Baht)</i> |                         |
| <b><i>Cash flows from investing activities</i></b>                             |  |                        |                           |                         |
| Interest received  | 319                                      | 203                    | 11,430                    | 7,326                   |
| Dividends received from associates   | 6,752                                    | 6,752                  | 241,929                   | 243,670                 |
| Increase in short-term deposit at financial institution                        | (27,950)                                 | -                      | (1,001,468)               | -                       |
| Payment for investments in subsidiaries  | -  | (1,739)                | -                         | (62,758)                |
| Proceeds from disposals of property, plant and equipment and intangible assets | 65                                       | 282                    | 2,329                     | 10,177                  |
| Payment for purchases of property, plant and equipment and intangible assets   | <u>(5,382)</u>                           | <u>(25,131)</u>        | <u>(192,841)</u>          | <u>(899,543)</u>        |
| <b>Net cash used in investing activities</b>                                   | <b><u>(26,196)</u></b>                   | <b><u>(19,633)</u></b> | <b><u>(938,621)</u></b>   | <b><u>(701,128)</u></b> |
| <b><i>Cash flows from financing activities</i></b>                             |  |                        |                           |                         |
| Dividends paid to shareholders   | -  | (12,296)               | -                         | (398,700)               |
| Finance lease payments   | (24)                                     | (41)                   | (860)                     | (1,480)                 |
| Proceeds from short-term loans from financial institutions                     | -  | 7,989                  | -                         | 288,312                 |
| Repayments of short-term loans from financial institutions                     | (3,613)                                  | (4,376)                | (129,456)                 | (157,920)               |
| Repayments of long-term loans from financial institutions                      | <u>(14,375)</u>                          | <u>(9,000)</u>         | <u>(515,066)</u>          | <u>(324,797)</u>        |
| <b>Net cash used in financing activities</b>                                   | <b><u>(18,012)</u></b>                   | <b><u>(17,724)</u></b> | <b><u>(645,382)</u></b>   | <b><u>(594,585)</u></b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | <b>4,836</b>                             | <b>(31,047)</b>        | <b>158,235</b>            | <b>(842,738)</b>        |
| Cash and cash equivalents at 1 January   | 57,411                                   | 89,408                 | 2,071,883                 | 2,947,156               |
| Effects of exchange rate changes on balances held in foreign currencies        | <u>(430)</u>                             | <u>(950)</u>           | <u>(15,172)</u>           | <u>(32,535)</u>         |
| <b>Cash and cash equivalents at 31 December</b>                                | <b><u>61,817</u></b>                     | <b><u>57,411</u></b>   | <b><u>2,214,946</u></b>   | <b><u>2,071,883</u></b> |
| <b><i>Non-cash transactions</i></b>  |  |                        |                           |                         |
| Receivable for sales of property, plant and equipment                          | 23                                       | 16                     | 824                       | 577                     |
| Payables for purchase of property, plant and equipment and intangible assets   | -  | 470                    | -                         | 16,962                  |
| Finance lease agreements for purchases of equipment                            | 12                                       | 40                     | 430                       | 1,444                   |
| Dividend receivable  | -  | 6,752                  | -                         | 243,670                 |

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Statement of cash flows

|  | Separate financial statements  |                 |                           |                  |
|--|--------------------------------|-----------------|---------------------------|------------------|
|  | Year ended 31 December         |                 | Year ended 31 December    |                  |
|  | 2016                           | 2015            | 2016                      | 2015             |
|  | <i>(in thousand US Dollar)</i> |                 | <i>(in thousand Baht)</i> |                  |
| <b><i>Cash flows from operating activities</i></b>                               |                                |                 |                           |                  |
| Profit (loss) for the year   | 3,169                          | (83,287)        | 112,857                   | (2,951,010)      |
| <i>Adjustments for:</i>  |                                |                 |                           |                  |
| Depreciation   | 358                            | 439             | 12,637                    | 15,035           |
| Amortisation   | 30                             | 34              | 1,059                     | 1,164            |
| Interest income  | (3,060)                        | (4,259)         | (108,492)                 | (145,861)        |
| Dividend income  | -                              | (6,150)         | -                         | (210,623)        |
| Bad debt expenses  | 44                             | 5,956           | 1,550                     | 214,943          |
| Gain on disposals of property, plant and equipment and intangible assets         | (11)                           | -               | (389)                     | -                |
| Impairment losses on investments in subsidiaries                                 | -                              | 62,096          | -                         | 2,225,267        |
| Unrealised (gain) loss on exchange rates   | (1,257)                        | 21,177          | (44,210)                  | 725,263          |
| Employee benefit obligations   | 8                              | 26              | 281                       | 890              |
| Non-refundable withholding taxes   | 52                             | -               | 1,840                     | -                |
| Income tax expense   | 68                             | 753             | 2,408                     | 25,789           |
| Cash flows used in operations before changes in operating assets and liabilities | (599)                          | (3,215)         | (20,459)                  | (99,143)         |
| <i>Changes in operating assets and liabilities</i>                               |                                |                 |                           |                  |
| Receivables from related parties   | 8,042                          | (19,830)        | 288,150                   | (715,637)        |
| Other receivables  | 47                             | 90              | 1,684                     | 3,248            |
| Other non-current assets   | 4                              | -               | 143                       | -                |
| Other payables   | (349)                          | (298)           | (12,505)                  | (10,754)         |
| Exchange rate (gain) loss from translating financial statements                  | -                              | -               | (70,575)                  | 129,032          |
| Cash from (used in) operating activities   | 7,145                          | (23,253)        | 186,438                   | (693,254)        |
| Employee benefits paid   | -                              | (54)            | -                         | (1,849)          |
| Income tax paid  | (796)                          | (1,119)         | (28,114)                  | (38,323)         |
| <b>Net cash from (used in) operating activities</b>                              | <b>6,349</b>                   | <b>(24,426)</b> | <b>158,324</b>            | <b>(733,426)</b> |
| <b><i>Cash flows from investing activities</i></b>                               |                                |                 |                           |                  |
| Interest received  | 250                            | 165             | 8,958                     | 5,955            |
| Dividends received from a subsidiary   | 9,600                          | 6,150           | 343,975                   | 210,623          |
| Increase in short-term deposit at financial institution                          | (27,950)                       | -               | (1,001,468)               | -                |
| Short-term loans received from related parties                                   | 79,789                         | 2,396           | 2,858,896                 | 86,500           |
| Short-term loans provided to related parties                                     | -                              | (7,069)         | -                         | (255,110)        |
| Payment for investments in subsidiaries  | (70,142)                       | -               | (2,450,000)               | -                |
| Proceeds from disposals of property, plant and equipment and intangible assets   | 11                             | -               | 394                       | -                |
| Payment for purchases of property, plant and equipment and intangible assets     | (38)                           | (64)            | (1,361)                   | (2,310)          |
| <b>Net cash from (used in) investing activities</b>                              | <b>(8,480)</b>                 | <b>1,578</b>    | <b>(240,606)</b>          | <b>45,658</b>    |

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



## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of cash flows

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

These notes form an integral part of the financial statements.

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

### 1 General information

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

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

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

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

| Name of the entities   | Nature of business   | Country of incorporation | Direct/indirect Holding (%) |                  |
|--|--|--------------------------|-----------------------------|------------------|
|  |  |                          | 31 December 2016            | 31 December 2015 |
| <i>Subsidiaries</i>  |  |                          |                             |                  |
| Mermaid Subsea Services (Thailand) Ltd., which has four subsidiaries as follows: | Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry | Thailand                 | 100.0                       | 100.0            |
| Seascope Surveys (Thailand) Ltd.**   | Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry        | Thailand                 | 100.0                       | 100.0            |
| Seascope Surveys Pte. Ltd., which has one subsidiary as follows:                 | ”  | Singapore                | 100.0                       | 100.0            |
| PT Seascope Surveys Indonesia*   | ”  | Indonesia                | 49.0                        | 49.0             |
| Mermaid Offshore Services Pte. Ltd.  | Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry | Singapore                | 100.0                       | 100.0            |
| Mermaid Drilling Ltd., which has five subsidiaries as follows:                   | Production and exploration drilling services   | Thailand                 | 95.0                        | 95.0             |
| MTR - 1 Ltd.   | Drilling services  | Thailand                 | 95.0                        | 95.0             |
| MTR - 2 Ltd.   | ”  | Thailand                 | 95.0                        | 95.0             |
| Mermaid Drilling (Malaysia) Sdn. Bhd.  | ”  | Malaysia                 | 95.0                        | 95.0             |
| MTR - 1 (Singapore) Pte. Ltd.  | ”  | Singapore                | 95.0                        | 95.0             |
| MTR - 2 (Singapore) Pte. Ltd.***   | ”  | Singapore                | 95.0                        | 95.0             |

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

| Name of the entities   | Nature of business   | Country of incorporation | Direct/indirect Holding (%) |                  |
|--|--|--------------------------|-----------------------------|------------------|
|  |  |                          | 31 December 2016            | 31 December 2015 |
| Mermaid Drilling (Singapore) Pte. Ltd.   | Production and exploration drilling services   | Singapore                | 100.0                       | 100.0            |
| MTR - 3 (Singapore) Pte. Ltd.  | ”  | Singapore                | 100.0                       | 100.0            |
| MTR - 4 (Singapore) Pte. Ltd.  | ”  | Singapore                | 100.0                       | 100.0            |
| Mermaid MTN Pte. Ltd.***   | ”  | Singapore                | 100.0                       | 100.0            |
| Mermaid Maritime Mauritius Ltd., which has one subsidiary as follows:                        | Investment holding   | Mauritius                | 100.0                       | 100.0            |
| Mermaid International Ventures, which has three subsidiaries and four associates as follows: | ”  | Cayman                   | 100.0                       | 100.0            |
| Subsidiaries   |  |                          |                             |                  |
| Mermaid Subsea Services (International) Ltd., which has two subsidiaries as follows:         | Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry | Seychelles               | 100.0                       | 100.0            |
| Subtech Saudi Arabia Limited   | ”  | Saudi Arabia             | 95.0                        | 95.0             |
| Mermaid Subsea Services LLC*   | ”  | Qatar                    | 49.0                        | 49.0             |
| Associates   |  |                          |                             |                  |
| Asia Offshore Drilling Limited, which has three subsidiaries as follows:                     | Drilling services  | Bermuda                  | 33.76                       | 33.76            |
| Asia Offshore Rig 1 Limited  | ”  | Bermuda                  | 33.76                       | 33.76            |
| Asia Offshore Rig 2 Limited  | ”  | Bermuda                  | 33.76                       | 33.76            |
| Asia Offshore Rig 3 Limited  | ”  | Bermuda                  | 33.76                       | 33.76            |
| Joint venture  |  |                          |                             |                  |
| Zamil Mermaid Offshore Services Co. (LLC)  | Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry              | Saudi Arabia             | 40.00                       | 40.00            |

\* Group interest is 100% after taking account of nominee holdings.

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

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

## 2 Basis of preparation of the financial statements

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”).

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in Note 38.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### (b) *Basis of measurement*

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

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

### (c) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are stated in US Dollar, which is the Company's functional currency, and Thai Baht, which is the Company's designated presentation currency and accordingly the Company has prepared financial statements in both US Dollar and Thai Baht. The basis of the translation from the functional currency (US Dollar) to the presentation currency (Thai Baht) is disclosed in Note 3 (b).

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

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

|         |  |
|---------|--|
| Note 15 | Impairment test : Key assumptions underlying recoverable amounts ;   |
| Note 17 | Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used. |

#### *Measurement of fair values*

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

Significant valuation issues are reported to the Group Audit Committee.

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

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

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

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

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

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

### 3 Significant accounting policies

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

#### (a) *Basis of consolidation*

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

#### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

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

### *Acquisitions from entities under common control*

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

### *Subsidiaries*

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

### *Non-controlling interests*

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

### *Loss of control*

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

### *Interests in equity-accounted investees*

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *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.



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

**(d) Trade and other accounts receivable**

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

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

**(e) Supplies and spare parts**

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

**(f) Investments**

*Investments in associates, subsidiaries and joint ventures*

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

*Disposal of investments*

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

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

**(g) Investment properties**

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

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

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

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

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

No depreciation is provided on freehold land.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

#### *Recognition and measurement*

##### *Owned assets*

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

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

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

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

##### *Leased assets*

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

##### *Subsequent costs*

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

##### *Depreciation*

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

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

### (i) *Intangible assets*

#### *Goodwill*

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

#### *Other intangible assets*

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

#### *Amortisation*

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

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

|                   |                  |
|-------------------|------------------|
| Software licenses | 1, 3 and 5 years |
|-------------------|------------------|

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

### (j) *Impairment*

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *Calculation of recoverable amount*

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

### *Reversals of impairment*

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

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

### **(k) *Interest-bearing liabilities***

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

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

Trade and other accounts payable are stated at cost.

### **(m) *Employee benefits***

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

### *Short-term employee benefits*

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

### *Share-based payments*

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

## **(n) Provisions**

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

## **(o) Revenue**

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

### *Rendering of services*

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *Interest and dividend income*

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

### **(p) Finance costs**

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

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

### **(q) Lease payments**

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

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

### **(r) Income tax**

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

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

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (s) *Earnings per share*

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

### (t) *Business segment reporting*

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

## 4 Related parties

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

Relationships with related parties were as follows:

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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

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

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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

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

All short-term loans to related parties are unsecured and have repayment terms at call. The Company's short-term loans to related parties bear fixed interest at 1.50% per annum and are denominated in Thai Baht.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 5 Cash and cash equivalents

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

  

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

### 6 Short-term deposit at financial institution

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

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

### 7 Trade accounts receivable

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

  

|   |            |            |               |              |
|---|------------|------------|---------------|--------------|
| Bad and doubtful debts expense for the year | <b>397</b> | <b>188</b> | <b>13,911</b> | <b>6,785</b> |
|---|------------|------------|---------------|--------------|

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

Aging analyses for trade accounts receivable were as follows:

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

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

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

## 8 Other receivables

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 9 Deferred contract cost

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

On 30 September 2012, US Dollar 9.3 million (equivalent to Baht 286.7 million) was paid by Mermaid Subsea Services (International) Ltd., a subsidiary of the Company, to General Technology & Systems Co., Ltd (“Gentas”). The payment consists of the following elements: (a) US Dollar 0.3 million (equivalent to Baht 9.2 million) as consideration for the acquisition of Gentas’s 30% equity interest in Subtech Saudi Arabia; and (b) US Dollar 9.0 million (equivalent to Baht 277.5 million) as (i) compensation for loss of expected profits to Gentas, if not for the sale of its 30% equity interest in Subtech Saudi Arabia, pertaining to a recently awarded five-year inspection, repair, and maintenance contract with Saudi Aramco (“IRM Contract”) worth more than US Dollar 530 million of revenues and (ii) as an advance payment for Gentas assistance to secure the IRM Contract.

The US Dollar 9.0 million was related to securing the IRM Contract that was being executed by a joint venture, Zamil Mermaid Offshore Services Co. (LLC) (“Zmos”), and was recognised as deferred contract costs. The deferred contract costs is amortised rateably over the period of execution of the contract, starting from the date revenue is first recognised, which is approximately five years. The total IRM Contract revenue over five years period is estimated to be approximately US Dollar 530 million. The Group’s estimated revenue is between 60 to 70 percent of the IRM Contract revenue over this period.

The IRM Contract was awarded to Zmos on 25 October 2012. Zmos was an established entity that the Group controls jointly with Zamil Offshore Services Co (“Zamil”). Zmos is billing Saudi Aramco at agreed rates in the IRM Contract, and the two partners are billing Zmos for the costs incurred in executing the IRM Contract.

### 10 Restricted deposit at financial institution

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 11 Investments in associates and joint venture

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

During the year ended 31 December 2016 there were no acquisitions or disposals of investment in associates and joint venture.

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

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

## **Mermaid Maritime Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2016**

On 23 December 2015, the Group's associate declared dividends of US Dollar 0.333 per share, which totalled US Dollar 6.75 million attributable to the Group and remained receivable as at 31 December 2015 (Note 4). The Group's associate made payment to the Group on 14 January 2016.

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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



**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

<sup>(A)</sup> Group of AOD companies comprises three subsidiaries, which are Asia Offshore Rig 1 Limited, Asia Offshore Rig 2 Limited, and Asia Offshore Rig 3 Limited.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### Associates

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

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

### Immaterial Joint venture

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 12 Investments in subsidiaries

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

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

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

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

| Name of subsidiary                      | Paid – up capital |                   | Cost           |                | Impairment      |                 | At cost-net    |                | Dividend income |              |
|---|-------------------|-------------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|--------------|
|   | 2016              | 2015              | 2016           | 2015           | 2016            | 2015            | 2016           | 2015           | 2016            | 2015         |
| <b>Direct subsidiaries</b>              |                   |                   |                |                |                 |                 |                |                |                 |              |
| Mermaid Subsea Services (Thailand) Ltd. | THB 5,380 million | THB 2,930 million | 153,485        | 83,343         | -               | -               | 153,485        | 83,343         | -               | -            |
| Mermaid Drilling Ltd.                   | THB 410 million   | THB 410 million   | 14,074         | 14,074         | (10,600)        | (10,600)        | 3,474          | 3,474          | -               | -            |
| Mermaid Drilling (Singapore) Pte. Ltd.  | USD 51 million    | USD 51 million    | 51,000         | 51,000         | (15,640)        | (15,640)        | 35,360         | 35,360         | -               | -            |
| MTR - 3 (Singapore) Pte. Ltd.           | USD 22 million    | USD 22 million    | 22,000         | 22,000         | (22,000)        | (22,000)        | -              | -              | -               | -            |
| MTR - 4 (Singapore) Pte. Ltd.           | USD 22 million    | USD 22 million    | 22,000         | 22,000         | (22,000)        | (22,000)        | -              | -              | -               | -            |
| Mermaid MTN Pte. Ltd.                   | -                 | SGD 100           | -              | -              | -               | -               | -              | -              | -               | -            |
| Mermaid Maritime Mauritius Ltd.         | USD 1             | USD 1             | -              | -              | -               | -               | -              | -              | -               | 6,150        |
| <b>Total</b>                            |                   |                   | <b>262,559</b> | <b>192,417</b> | <b>(70,240)</b> | <b>(70,240)</b> | <b>192,319</b> | <b>122,177</b> | <b>-</b>        | <b>6,150</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

| Name of subsidiary                           | Paid – up capital      |                        | Cost                           |               | Impairment      |                 | At cost-net   |               | Dividend income |          |
|--|------------------------|------------------------|--------------------------------|---------------|-----------------|-----------------|---------------|---------------|-----------------|----------|
|  | 2016                   | 2015                   | 2016                           | 2015          | 2016            | 2015            | 2016          | 2015          | 2016            | 2015     |
|  |                        |                        | <i>(in thousand US Dollar)</i> |               |                 |                 |               |               |                 |          |
| <b>Indirect subsidiaries</b>                 |                        |                        |                                |               |                 |                 |               |               |                 |          |
| Seascope Surveys (Thailand) Ltd.             | THB 34 million         | THB 34 million         | 840                            | 840           | (807)           | (807)           | 33            | 33            | -               | -        |
| Seascope Surveys Pte. Ltd.                   | SGD 100                | SGD 100                | 14,268                         | 14,268        | (10,263)        | (10,263)        | 4,005         | 4,005         | -               | -        |
| PT Seascope Surveys Indonesia                | IDR 7,328 million      | IDR 7,328 million      | 200                            | 200           | -               | -               | 200           | 200           | -               | -        |
| Mermaid Offshore Services Pte. Ltd.          | USD 20,400 thousand    | USD 20,400 thousand    | 20,400                         | 20,400        | (20,400)        | (20,400)        | -             | -             | -               | -        |
| MTR - 1 Ltd.                                 | THB 240 million        | THB 240 million        | 6,255                          | 6,255         | (6,255)         | (6,255)         | -             | -             | -               | -        |
| MTR - 2 Ltd.                                 | THB 350 million        | THB 350 million        | 8,334                          | 8,334         | (5,705)         | (5,705)         | 2,629         | 2,629         | -               | -        |
| Mermaid Drilling (Malaysia) Sdn. Bhd.        | MYR 500 thousand       | MYR 500 thousand       | 164                            | 164           | (164)           | (164)           | -             | -             | -               | -        |
| MTR - 1 (Singapore) Pte. Ltd.                | USD 40 thousand        | USD 40 thousand        | 40                             | 40            | -               | -               | 40            | 40            | -               | -        |
| MTR - 2 (Singapore) Pte. Ltd.                | -                      | USD 1                  | -                              | -             | -               | -               | -             | -             | -               | -        |
| Mermaid International Ventures               | USD 100                | USD 100                | -                              | -             | -               | -               | -             | -             | -               | -        |
| Mermaid Subsea Services (International) Ltd. | USD 1 SAR 500 thousand | USD 1 SAR 500 thousand | 7,586                          | 7,586         | -               | -               | 7,586         | 7,586         | -               | -        |
| Subtech Saudi Arabia Limited                 | QAR 200 thousand       | QAR 200 thousand       | 386                            | 386           | -               | -               | 386           | 386           | -               | -        |
| Mermaid Subsea Services LLC                  | thousand               | thousand               | 55                             | 55            | -               | -               | 55            | 55            | -               | -        |
| <b>Total</b>                                 |                        |                        | <b>58,528</b>                  | <b>58,528</b> | <b>(43,594)</b> | <b>(43,594)</b> | <b>14,934</b> | <b>14,934</b> | <b>-</b>        | <b>-</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

| Name of subsidiary                           | Paid – up capital   |                     | Cost             |                  | Impairment         |                    | At cost-net    |                | Dividend income |          |
|--|---------------------|---------------------|------------------|------------------|--------------------|--------------------|----------------|----------------|-----------------|----------|
|  | 2016                | 2015                | 2016             | 2015             | 2016               | 2015               | 2016           | 2015           | 2016            | 2015     |
| <b>Indirect subsidiaries</b>                 |                     |                     |                  |                  |                    |                    |                |                |                 |          |
| Seascope Surveys (Thailand) Ltd.             | THB 34 million      | THB 34 million      | 30,098           | 30,314           | (28,915)           | (29,124)           | 1,183          | 1,190          | -               | -        |
| Seascope Surveys Pte. Ltd.                   | SGD 100             | SGD 100             | 511,232          | 514,912          | (367,730)          | (370,377)          | 143,502        | 144,535        | -               | -        |
| PT Seascope Surveys Indonesia                | IDR 7,328 million   | IDR 7,328 million   | 7,166            | 7,218            | -                  | -                  | 7,166          | 7,218          | -               | -        |
| Mermaid Offshore Services Pte. Ltd.          | USD 20,400 thousand | USD 20,400 thousand | 730,946          | 736,207          | (730,946)          | (736,207)          | -              | -              | -               | -        |
| MTR - 1 Ltd.                                 | THB 350 million     | THB 350 million     | 224,121          | 225,734          | (224,121)          | (225,734)          | -              | -              | -               | -        |
| MTR - 2 Ltd.                                 | THB 350 million     | THB 350 million     | 298,613          | 300,762          | (204,414)          | (205,885)          | 94,199         | 94,877         | -               | -        |
| Mermaid Drilling (Malaysia) Sdn. Bhd.        | MYR 500 thousand    | MYR 500 thousand    | 5,876            | 5,919            | (5,876)            | (5,919)            | -              | -              | -               | -        |
| MTR - 1 (Singapore) Pte. Ltd.                | USD 40 thousand     | USD 40 thousand     | 1,433            | 1,444            | -                  | -                  | 1,433          | 1,444          | -               | -        |
| MTR - 2 (Singapore) Pte. Ltd.                | -                   | USD 1               | -                | -                | -                  | -                  | -              | -              | -               | -        |
| Mermaid International Ventures               | USD 100             | USD 100             | 3                | 3                | -                  | -                  | 3              | 3              | -               | -        |
| Mermaid Subsea Services (International) Ltd. | USD 1               | USD 1               | 271,812          | 273,768          | -                  | -                  | 271,812        | 273,768        | -               | -        |
| Subtech Saudi Arabia Limited                 | SAR 500 thousand    | SAR 500 thousand    | 13,831           | 13,930           | -                  | -                  | 13,831         | 13,930         | -               | -        |
| Mermaid Subsea Services LLC                  | QAR 200 thousand    | QAR 200 thousand    | 1,971            | 1,985            | -                  | -                  | 1,971          | 1,985          | -               | -        |
| <b>Total</b>                                 |                     |                     | <b>2,097,102</b> | <b>2,112,196</b> | <b>(1,562,002)</b> | <b>(1,573,246)</b> | <b>535,100</b> | <b>538,950</b> | <b>-</b>        | <b>-</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**13 Investment properties**

|  | <i>Note</i> | <b>Consolidated financial statements</b> |                |                                   |                  |
|--|-------------|--|----------------|-----------------------------------|------------------|
|  |             | 2016<br><i>(in thousand US Dollar)</i>   | 2015           | 2016<br><i>(in thousand Baht)</i> | 2015             |
| <b>Cost</b>  |             |  |                |                                   |                  |
| At 1 January   |             | 1,519                                    | -              | 54,819                            | -                |
| Reclassification from property,<br>plant and equipment | 14          | -  | 1,519          | -                                 | 54,819           |
| Translation adjustments                                |             | -  | -              | (392)                             | -                |
| <b>At 31 December</b>                                  |             | <b>1,519</b>                             | <b>1,519</b>   | <b>54,427</b>                     | <b>54,819</b>    |
| <b>Depreciation</b>                                    |             |  |                |                                   |                  |
| At 1 January   |             | (820)                                    | -              | (29,593)                          | -                |
| Depreciation charge for the year                       |             | (80)                                     | -              | (2,858)                           | -                |
| Reclassification from property,<br>plant and equipment | 14          | -  | (820)          | -                                 | (29,593)         |
| Translation adjustments                                |             | -  | -              | 203                               | -                |
| <b>At 31 December</b>                                  |             | <b>(900)</b>                             | <b>(820)</b>   | <b>(32,248)</b>                   | <b>(29,593)</b>  |
| <b>Net book value</b>                                  |             |  |                |                                   |                  |
| At 1 January   |             | <b>699</b>                               | -              | <b>25,226</b>                     | -                |
| <b>At 31 December</b>                                  |             | <b>619</b>                               | <b>699</b>     | <b>22,179</b>                     | <b>25,226</b>    |
|  | <i>Note</i> | <b>Separate financial statements</b>     |                |                                   |                  |
|  |             | 2016<br><i>(in thousand US Dollar)</i>   | 2015           | 2016<br><i>(in thousand Baht)</i> | 2015             |
| <b>Cost</b>  |             |  |                |                                   |                  |
| At 1 January   |             | 5,388                                    | -              | 194,445                           | -                |
| Reclassification from property,<br>plant and equipment | 14          | -  | 5,388          | -                                 | 194,445          |
| Translation adjustments                                |             | -  | -              | (1,389)                           | -                |
| <b>At 31 December</b>                                  |             | <b>5,388</b>                             | <b>5,388</b>   | <b>193,056</b>                    | <b>194,445</b>   |
| <b>Depreciation</b>                                    |             |  |                |                                   |                  |
| At 1 January   |             | (2,907)                                  | -              | (104,909)                         | -                |
| Depreciation charge for the year                       |             | (284)                                    | -              | (10,025)                          | -                |
| Reclassification from property,<br>plant and equipment | 14          | -  | (2,907)        | -                                 | (104,909)        |
| Translation adjustments                                |             | -  | -              | 598                               | -                |
| <b>At 31 December</b>                                  |             | <b>(3,191)</b>                           | <b>(2,907)</b> | <b>(114,336)</b>                  | <b>(104,909)</b> |
| <b>Net book value</b>                                  |             |  |                |                                   |                  |
| At 1 January   |             | <b>2,481</b>                             | -              | <b>89,536</b>                     | -                |
| <b>At 31 December</b>                                  |             | <b>2,197</b>                             | <b>2,481</b>   | <b>78,720</b>                     | <b>89,536</b>    |



## **Mermaid Maritime Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2016**

Investment properties were revalued as at 31 December 2016 by First Star Consultant Co., Ltd., a firm of independent professional valuers, at open market values on an existing use basis. The appraised value of investment properties was US Dollar 1.8 million or equivalent to Baht 62.9 million (*2015: US Dollar 2.0 million or equivalent to Baht 71.1 million*) and US Dollar 4.7 million or equivalent to Baht 167.0 million (*2015: US Dollar 5.5 million or equivalent to Baht 197.8 million*) in the consolidated and separate financial statements, respectively.

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

#### **Measurement of fair value**

##### *Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provide the fair value of the Group's investment property portfolio on an annual basis.

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

##### *Valuation technique*

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**14 Property, plant and equipment**

|   | 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 US Dollar)</i>    |              |                      |                     |                  |                |   |               |                |                          |                |
| <i>Cost</i>                                   |                                   |              |                      |                     |                  |                |   |               |                |                          |                |
| At 1 January 2015                             | 838                               | 4,511        | 1,026                | 103,433             | 2,991            | 1,491          | 336,118                                   | 31,643        | 1,028          | 73,537                   | 556,616        |
| Additions                                     | -                                 | -            | 155                  | 5,991               | 279              | 30             | -   | 9,698         | -              | 6,784                    | 22,937         |
| Transfers                                     | -                                 | -            | 161                  | 2,458               | 1                | -              | -   | 2,558         | 149            | (5,327)                  | -              |
| Transfer to investment properties             | (248)                             | (1,271)      | -                    | -                   | -                | -              | -   | -             | -              | -                        | (1,519)        |
| Disposals                                     | -                                 | -            | -                    | (274)               | (1)              | (32)           | (50)                                      | -             | -              | -                        | (357)          |
| Write off                                     | -                                 | -            | -                    | (1,468)             | (43)             | -              | -   | (1,295)       | -              | 19                       | (2,787)        |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>590</b>                        | <b>3,240</b> | <b>1,342</b>         | <b>110,140</b>      | <b>3,227</b>     | <b>1,489</b>   | <b>336,068</b>                            | <b>42,604</b> | <b>1,177</b>   | <b>75,013</b>            | <b>574,890</b> |
| Additions                                     | -                                 | -            | 910                  | 2,779               | 220              | 403            | -   | -             | 130            | 460                      | 4,902          |
| Transfers                                     | -                                 | -            | -                    | 1,817               | 11               | -              | -   | -             | 1,562          | (3,390)                  | -              |
| Transfer to intangible assets                 | -                                 | -            | -                    | -                   | -                | -              | -   | -             | -              | (5)                      | (5)            |
| Disposals                                     | -                                 | -            | -                    | (122)               | (202)            | (182)          | -   | -             | -              | (19)                     | (525)          |
| Write off                                     | -                                 | -            | -                    | (46)                | (17)             | -              | -   | -             | -              | (70,418)                 | (70,481)       |
| <b>At 31 December 2016</b>                    | <b>590</b>                        | <b>3,240</b> | <b>2,252</b>         | <b>114,568</b>      | <b>3,239</b>     | <b>1,710</b>   | <b>336,068</b>                            | <b>42,604</b> | <b>2,869</b>   | <b>1,641</b>             | <b>508,781</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**Consolidated financial statements**

**Offshore**

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and tender  
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**Depreciation**

At 1 January 2015

Depreciation charge for  
the year

Transfer to investment

properties

Disposals

Write off

At 31 December 2015  
and 1 January 2016

Depreciation charge for  
the year

Disposals

Write off

At 31 December 2016

|   | Land | Buildings | Building<br>improve-<br>ment | Tools and<br>equipment | Office<br>equipment | Motor<br>vehicles | Offshore<br>support<br>vessels,<br>and tender<br>rigs | Dry-<br>docking | Motor<br>launches | Construction<br>in progress | Total     |
|---|------|-----------|------------------------------|------------------------|---------------------|-------------------|---|-----------------|-------------------|-----------------------------|-----------|
| At 1 January 2015                         | -    | (2,597)   | (804)                        | (46,508)               | (2,332)             | (781)             | (106,358)   | (14,491)        | (405)             | -                           | (174,276) |
| Depreciation charge for<br>the year       | -    | (274)     | (176)                        | (9,728)                | (380)               | (202)             | (13,280)  | (8,094)         | (206)             | -                           | (32,340)  |
| Transfer to investment                    | -    | 820       | -                            | -                      | -                   | -                 | -   | -               | -                 | -                           | 820       |
| Disposals                                 | -    | -         | -                            | 195                    | -                   | 32                | 25  | -               | -                 | -                           | 252       |
| Write off                                 | -    | -         | -                            | 107                    | 42                  | -                 | -   | 1,295           | -                 | -                           | 1,444     |
| At 31 December 2015<br>and 1 January 2016 | -    | (2,051)   | (980)                        | (55,934)               | (2,670)             | (951)             | (119,613)   | (21,290)        | (611)             | -                           | (204,100) |
| Depreciation charge for<br>the year       | -    | (195)     | (138)                        | (6,270)                | (311)               | (202)             | (9,404)   | (4,065)         | (237)             | -                           | (20,822)  |
| Disposals                                 | -    | -         | -                            | 122                    | 201                 | 168               | -   | -               | -                 | -                           | 491       |
| Write off                                 | -    | -         | -                            | 39                     | 9                   | -                 | -   | -               | -                 | -                           | 48        |
| At 31 December 2016                       | -    | (2,246)   | (1,118)                      | (62,043)               | (2,771)             | (985)             | (129,017)   | (25,355)        | (848)             | -                           | (224,383) |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**Consolidated financial statements**

**Offshore**

support  
vessels,  
and tender  
rigs

Motor  
vehicles

Office  
equipment

Tools and  
equipment

Building  
improve-  
ment

Buildings

Land

Dry-  
docking

Motor  
launches

Construction  
in progress

Total

(in thousand US Dollar)

**Impairment losses**

|                               |   |   |   |          |   |   |   |   |          |   |   |   |   |   |   |   |   |          |           |          |
|-------------------------------|---|---|---|----------|---|---|---|---|----------|---|---|---|---|---|---|---|---|----------|-----------|----------|
| At 1 January 2015             | - | - | - | -        | - | - | - | - | -        | - | - | - | - | - | - | - | - | (4,078)  |           |          |
| Impairment losses             | - | - | - | (636)    | - | - | - | - | (3,375)  | - | - | - | - | - | - | - | - | (67)     | (8,523)   |          |
| Reversal of impairment losses | - | - | - | (23,559) | - | - | - | - | (48,538) | - | - | - | - | - | - | - | - | (71,842) | (152,462) |          |
| At 31 December 2015           | - | - | - | 12       | - | - | - | - | -        | - | - | - | - | - | - | - | - | -        | 12        |          |
| and 1 January 2016            | - | - | - | (24,183) | - | - | - | - | (51,913) | - | - | - | - | - | - | - | - | (71,842) | (156,528) |          |
| Impairment losses             | - | - | - | -        | - | - | - | - | -        | - | - | - | - | - | - | - | - | (56)     | (56)      |          |
| Write off                     | - | - | - | -        | - | - | - | - | -        | - | - | - | - | - | - | - | - | 70,328   | 70,328    |          |
| Reversal of impairment losses | - | - | - | 50       | - | - | - | - | -        | - | - | - | - | - | - | - | - | -        | 50        |          |
| At 31 December 2016           | - | - | - | (24,133) | - | - | - | - | (51,913) | - | - | - | - | - | - | - | - | (8,646)  | (1,514)   | (86,206) |

**Net book value**

|                     |     |       |       |        |     |     |         |        |       |        |         |
|---------------------|-----|-------|-------|--------|-----|-----|---------|--------|-------|--------|---------|
| At 1 January 2015   | 838 | 1,914 | 222   | 56,289 | 659 | 710 | 226,385 | 17,085 | 623   | 73,537 | 378,262 |
| At 31 December 2015 | 590 | 1,189 | 362   | 30,023 | 557 | 538 | 164,542 | 12,724 | 566   | 3,171  | 214,262 |
| and 1 January 2016  | 590 | 994   | 1,134 | 28,392 | 468 | 725 | 155,138 | 8,603  | 2,021 | 127    | 198,192 |
| At 31 December 2016 |     |       |       |        |     |     |         |        |       |        |         |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**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>Cost</i>                       |               |                |                      |                     |                  |                |   |                  |                |                          |                   |
| At 1 January 2015                 | 27,623        | 148,696        | 33,820               | 3,409,462           | 98,592           | 49,148         | 11,079,458                                | 1,043,048        | 33,886         | 2,424,000                | 18,347,733        |
| Additions                         | -             | -              | 5,594                | 216,207             | 10,069           | 1,083          | -   | 349,987          | -              | 244,825                  | 827,765           |
| Transfers                         | -             | -              | 5,810                | 88,706              | 36               | -              | -   | 92,315           | 5,377          | (192,244)                | -                 |
| Transfer to investment properties | (8,950)       | (45,869)       | -                    | -                   | -                | -              | -   | -                | -              | -                        | (54,819)          |
| Disposals                         | -             | -              | -                    | (9,888)             | (36)             | (1,155)        | (1,804)                                   | -                | -              | -                        | (12,883)          |
| Write off                         | -             | -              | -                    | (52,978)            | (1,552)          | -              | -   | (46,735)         | -              | 686                      | (100,579)         |
| Translation adjustments           | 2,619         | 14,100         | 3,207                | 323,289             | 9,349            | 4,660          | 1,050,570                                 | 98,904           | 3,213          | 229,847                  | 1,739,758         |
| <b>At 31 December 2015</b>        | <b>21,292</b> | <b>116,927</b> | <b>48,431</b>        | <b>3,974,798</b>    | <b>116,458</b>   | <b>53,736</b>  | <b>12,128,224</b>                         | <b>1,537,519</b> | <b>42,476</b>  | <b>2,707,114</b>         | <b>20,746,975</b> |
| At 1 January 2016                 | -             | -              | 32,606               | 99,574              | 7,883            | 14,440         | -   | -                | 4,658          | 16,482                   | 175,643           |
| Additions                         | -             | -              | -                    | 65,104              | 394              | -              | -   | -                | 55,968         | (121,466)                | -                 |
| Transfer to intangible assets     | -             | -              | -                    | -                   | -                | -              | -   | -                | -              | (179)                    | (179)             |
| Disposals                         | -             | -              | -                    | (4,371)             | (7,238)          | (6,521)        | -   | -                | -              | (681)                    | (18,811)          |
| Write off                         | -             | -              | -                    | (1,648)             | (609)            | -              | -   | -                | -              | (2,523,126)              | (2,525,383)       |
| Translation adjustments           | (152)         | (836)          | (346)                | (28,405)            | (832)            | (385)          | (86,672)                                  | (10,988)         | (304)          | (19,346)                 | (148,266)         |
| <b>At 31 December 2016</b>        | <b>21,140</b> | <b>116,091</b> | <b>80,691</b>        | <b>4,105,052</b>    | <b>116,056</b>   | <b>61,270</b>  | <b>12,041,552</b>                         | <b>1,526,531</b> | <b>102,798</b> | <b>58,798</b>            | <b>18,229,979</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

|   | Consolidated financial statements |                 |                      |                     |                  |   |   |                  |                 |                          |                    |
|---|-----------------------------------|-----------------|----------------------|---------------------|------------------|---|---|------------------|-----------------|--------------------------|--------------------|
|   | Land                              | Buildings       | Building improvement | Tools and equipment | Office equipment | Motor vehicles<br><i>(in thousand Baht)</i> | Offshore support vessels, and tender rigs | Dry-docking      | Motor launches  | Construction in progress | Total              |
| <b>Depreciation</b>                           |                                   |                 |                      |                     |                  |   |   |                  |                 |                          |                    |
| At 1 January 2015                             | -                                 | (85,605)        | (26,502)             | (1,533,043)         | (76,870)         | (25,744)                                    | (3,505,879)                               | (477,667)        | (13,350)        | -                        | (5,744,660)        |
| Depreciation charge for the year              | -                                 | (9,384)         | (6,028)              | (333,162)           | (13,014)         | (6,918)                                     | (454,809)                                 | (277,201)        | (7,055)         | -                        | (1,107,571)        |
| Transfer to investment properties             | -                                 | 29,593          | -                    | -                   | -                | -   | -   | -                | -               | -                        | 29,593             |
| Disposals                                     | -                                 | -               | -                    | 7,037               | -                | 1,155                                       | 902                                       | -                | -               | -                        | 9,094              |
| Write off                                     | -                                 | -               | -                    | 3,861               | 1,516            | -   | -   | 46,735           | -               | -                        | 52,112             |
| Translation adjustments                       | -                                 | (8,622)         | (2,837)              | (163,273)           | (7,989)          | (2,813)                                     | (356,880)                                 | (60,193)         | (1,645)         | -                        | (604,252)          |
| <b>At 31 December 2015 and 1 January 2016</b> | -                                 | <b>(74,018)</b> | <b>(35,367)</b>      | <b>(2,018,580)</b>  | <b>(96,357)</b>  | <b>(34,320)</b>                             | <b>(4,316,666)</b>                        | <b>(768,326)</b> | <b>(22,050)</b> | -                        | <b>(7,365,684)</b> |
| Depreciation charge for the year              | -                                 | (6,883)         | (4,869)              | (221,333)           | (10,937)         | (7,131)                                     | (331,848)                                 | (143,479)        | (8,365)         | -                        | (734,845)          |
| Disposals                                     | -                                 | -               | -                    | 4,371               | 7,202            | 6,020                                       | -   | -                | -               | -                        | 17,593             |
| Write off                                     | -                                 | -               | -                    | 1,397               | 322              | -   | -   | -                | -               | -                        | 1,719              |
| Translation adjustments                       | -                                 | 425             | 177                  | 11,101              | 482              | 138   | 25,745                                    | 3,318            | 31              | -                        | 41,417             |
| <b>At 31 December 2016</b>                    | -                                 | <b>(80,476)</b> | <b>(40,059)</b>      | <b>(2,223,044)</b>  | <b>(99,288)</b>  | <b>(35,293)</b>                             | <b>(4,622,769)</b>                        | <b>(908,487)</b> | <b>(30,384)</b> | -                        | <b>(8,039,800)</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

|                               | Consolidated financial statements |           |                           |                        |                     |   |  |                 | Total  |                   |                             |
|-------------------------------|-----------------------------------|-----------|---------------------------|------------------------|---------------------|---|--|-----------------|--------|-------------------|-----------------------------|
|                               | Land                              | Buildings | Building improve-<br>ment | Tools and<br>equipment | Office<br>equipment | Motor<br>vehicles<br>(in thousand Baht) | Offshore<br>support<br>vessels, and<br>tender rigs | Dry-<br>docking |        | Motor<br>launches | Construction<br>in progress |
| <b>Impairment losses</b>      |                                   |           |                           |                        |                     |   |  |                 |        |                   |                             |
| At 1 January 2015             | -                                 | -         | -                         | (20,964)               | -                   | -                                       | (111,250)  | (2,209)         | -      | -                 | (134,423)                   |
| Impairment losses             | -                                 | -         | -                         | (844,258)              | -                   | -                                       | (1,739,405)  | (305,430)       | -      | (2,574,523)       | (5,463,616)                 |
| Reversal of impairment losses | -                                 | -         | -                         | 430                    | -                   | -                                       | -  | -               | -      | -                 | 430                         |
| Translation adjustments       | -                                 | -         | -                         | (7,939)                | -                   | -                                       | (22,812)   | (2,362)         | -      | (18,153)          | (51,266)                    |
| <b>At 31 December 2015</b>    |                                   |           |                           |                        |                     |   |  |                 |        |                   |                             |
| and 1 January 2016            | -                                 | -         | -                         | (872,731)              | -                   | -                                       | (1,873,467)  | (310,001)       | -      | (2,592,676)       | (5,648,875)                 |
| Impairment losses             | -                                 | -         | -                         | -                      | -                   | -                                       | -  | (1,982)         | -      | -                 | (1,982)                     |
| Write off                     | -                                 | -         | -                         | -                      | -                   | -                                       | -  | -               | -      | 2,489,063         | 2,489,063                   |
| Reversal of impairment Losses | -                                 | -         | -                         | 1,783                  | -                   | -                                       | -  | -               | -      | -                 | 1,783                       |
| Translation adjustments       | -                                 | -         | -                         | 6,246                  | -                   | -                                       | 13,388   | 2,191           | -      | 49,364            | 71,189                      |
| <b>At 31 December 2016</b>    |                                   |           |                           |                        |                     |   |  |                 |        |                   |                             |
|                               | -                                 | -         | -                         | (864,702)              | -                   | -                                       | (1,860,079)  | (309,792)       | -      | (54,249)          | (3,088,822)                 |
| <b>Net book value</b>         |                                   |           |                           |                        |                     |   |  |                 |        |                   |                             |
| At 1 January 2015             | 27,623                            | 63,091    | 7,318                     | 1,855,455              | 21,722              | 23,404                                  | 7,462,329  | 563,172         | 20,536 | 2,424,000         | 12,468,650                  |
| At 31 December 2015           |                                   |           |                           |                        |                     |   |  |                 |        |                   |                             |
| and 1 January 2016            | 21,292                            | 42,909    | 13,064                    | 1,083,487              | 20,101              | 19,416                                  | 5,938,091  | 459,192         | 20,426 | 114,438           | 7,732,416                   |
| At 31 December 2016           | 21,140                            | 35,615    | 40,632                    | 1,017,306              | 16,768              | 25,977                                  | 5,558,704  | 308,252         | 72,414 | 4,549             | 7,101,357                   |

# **Mermaid Maritime Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### *Security*

As at 31 December 2016, the Group's property, plant and equipment with a net book value of US Dollar 136.2 million (*2015: US Dollar 145.1 million*) were registered to secure short-term and long-term facilities with financial institutions.

As at 31 December 2015, as a result of a loan agreement with a financial institution, the Group's property, plant and equipment with a net book value of US Dollar 2.5 million were restricted over entering into any transaction, unless prior written consent is given by the financial institution. During the year 2016, the Group repaid all amount of this loan agreement.

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### Separate financial statements

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### Separate financial statements

|   | Land     | Buildings      | Building improvement | Tools and equipment<br><i>(in thousand Baht)</i> | Office equipment | Motor vehicles | Construction in progress | Total           |
|---|----------|----------------|----------------------|--|------------------|----------------|--------------------------|-----------------|
| <b>Cost</b>                                   |          |                |                      |  |                  |                |                          |                 |
| At 1 January 2015                             | 27,623   | 148,696        | 19,976               | 2,307  | 59,498           | 2,868          | -                        | 260,968         |
| Additions                                     | -        | -              | -                    | 108  | 1,805            | -              | 36                       | 1,949           |
| Transfers                                     | -        | -              | -                    | -  | 36               | -              | (36)                     | -               |
| Transfer to investment properties             | (30,242) | (158,465)      | (5,738)              | -  | -                | -              | -                        | (194,445)       |
| Translation adjustments                       | 2,619    | 14,100         | 1,894                | 219  | 5,641            | 272            | -                        | 24,745          |
| <b>At 31 December 2015 and 1 January 2016</b> | -        | <b>4,331</b>   | <b>16,132</b>        | <b>2,634</b>                                     | <b>66,980</b>    | <b>3,140</b>   | -                        | <b>93,217</b>   |
| Additions                                     | -        | -              | -                    | -  | 394              | -              | -                        | 394             |
| Disposals                                     | -        | -              | -                    | -  | (5,124)          | (1,720)        | -                        | (6,844)         |
| Translation adjustments                       | -        | (31)           | (116)                | (18)   | (478)            | (23)           | -                        | (666)           |
| <b>At 31 December 2016</b>                    | -        | <b>4,300</b>   | <b>16,016</b>        | <b>2,616</b>                                     | <b>61,772</b>    | <b>1,397</b>   | -                        | <b>86,101</b>   |
| <b>Depreciation</b>                           |          |                |                      |  |                  |                |                          |                 |
| At 1 January 2015                             | -        | (85,605)       | (17,338)             | (1,055)  | (52,873)         | (2,868)        | -                        | (159,739)       |
| Depreciation charge for the year              | -        | (9,384)        | (548)                | (411)  | (4,692)          | -              | -                        | (15,035)        |
| Transfer to investment properties             | -        | 101,336        | 3,573                | -  | -                | -              | -                        | 104,909         |
| Translation adjustments                       | -        | (8,621)        | (1,674)              | (122)  | (5,265)          | (272)          | -                        | (15,954)        |
| <b>At 31 December 2015 and 1 January 2016</b> | -        | <b>(2,274)</b> | <b>(15,987)</b>      | <b>(1,588)</b>                                   | <b>(62,830)</b>  | <b>(3,140)</b> | -                        | <b>(85,819)</b> |
| Depreciation charge for the year              | -        | (211)          | 36                   | (424)  | (2,013)          | -              | -                        | (2,612)         |
| Disposals                                     | -        | -              | -                    | -  | 5,047            | 1,694          | -                        | 6,741           |
| Translation adjustments                       | -        | 13             | 78                   | 5  | 532              | 49             | -                        | 677             |
| <b>At 31 December 2016</b>                    | -        | <b>(2,472)</b> | <b>(15,873)</b>      | <b>(2,007)</b>                                   | <b>(59,264)</b>  | <b>(1,397)</b> | -                        | <b>(81,013)</b> |
| <b>Net book value</b>                         |          |                |                      |  |                  |                |                          |                 |
| At 1 January 2015                             | 27,623   | 63,091         | 2,638                | 1,252  | 6,625            | -              | -                        | 101,229         |
| At 31 December 2015 and 1 January 2016        | -        | 2,057          | 145                  | 1,046  | 4,150            | -              | -                        | 7,398           |
| At 31 December 2016                           | -        | 1,828          | 143                  | 609  | 2,508            | -              | -                        | 5,088           |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**15 Impairment losses**

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

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

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

*Property, plant and equipment*

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### Goodwill

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

#### Seascope CGU

|                         | Consolidated financial statements |                    |
|-------------------------|-----------------------------------|--------------------|
|                         | (in thousand US Dollar)           | (in thousand Baht) |
| 1 January 2015          | 8,070                             | 266,011            |
| Impairment loss         | (8,070)                           | (289,196)          |
| Translation adjustments | -                                 | 23,185             |
| <b>31 December 2015</b> | <b>-</b>                          | <b>-</b>           |

The recoverable amount of Seascope CGU estimated using the value in use method was less than the total carrying amount of Seascope CGU and the goodwill allocated to it. As a result, goodwill allocated to Seascope CGU was fully impaired as at 31 December 2015. The cash flows were projected over a period of 25 years before a terminal growth rate was applied to reflect management’s estimate of the cyclic nature of day rates earned by Seascope CGU. The key assumptions used in the estimation of Seascope CGU’s value in use were as follows:

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

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

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

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

The recoverable amount of MSSI CGU estimated using the value in use method was greater than the total carrying amount of MSSI CGU and the goodwill allocated to it. As a result, goodwill allocated to MSSI CGU was not impaired as at 31 December 2015 and 2016. The cash flows were projected over a period of 25 years before a terminal growth rate was applied to reflect management’s estimate of the cyclic nature of day rates earned by MSSI CGU. The key assumptions used in the estimation of MSSI CGU’s value in use were as follows:

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *Investments in subsidiaries*

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

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

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

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

## 16 Intangible assets

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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

## 17 Deferred tax

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

|  | <b>Consolidated financial statements</b> |              |                    |                |
|--|--|--------------|--------------------|----------------|
|  | <b>Assets</b>                            |              | <b>Liabilities</b> |                |
|  | 2016                                     | 2015         | 2016               | 2015           |
|  | <i>(in thousand US Dollar)</i>           |              |                    |                |
| Total  | 2,448                                    | 2,648        | -                  | (2,966)        |
| Set off of tax                               | -  | (141)        | -                  | 141            |
| <b>Net deferred tax assets (liabilities)</b> | <b>2,448</b>                             | <b>2,507</b> | <b>-</b>           | <b>(2,825)</b> |

|  | <b>Consolidated financial statements</b> |               |                    |                  |
|--|--|---------------|--------------------|------------------|
|  | <b>Assets</b>                            |               | <b>Liabilities</b> |                  |
|  | 2016                                     | 2015          | 2016               | 2015             |
|  | <i>(in thousand Baht)</i>                |               |                    |                  |
| Total  | 87,714                                   | 95,563        | -                  | (107,039)        |
| Set off of tax                               | -  | (5,089)       | -                  | 5,089            |
| <b>Net deferred tax assets (liabilities)</b> | <b>87,714</b>                            | <b>90,474</b> | <b>-</b>           | <b>(101,950)</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

|                                | Separate financial statements<br>(Charged) / Credited to : |  |                                  |                            | At 31 December<br>2016 |
|--------------------------------|--|--|----------------------------------|----------------------------|------------------------|
|                                | At 1 January<br>2016                                       | Profit or loss<br>(note 28)<br>(in thousand US Dollar) | Other<br>comprehensive<br>income | Translation<br>adjustments |                        |
| <b>Deferred tax assets</b>     |  |  |                                  |                            |                        |
| Retirement benefits obligation | 26   | (9)  | (6)                              |                            | 11                     |
| <b>Total</b>                   | <b>26</b>  | <b>(9)</b>   | <b>(6)</b>                       |                            | <b>11</b>              |

|                                | Separate financial statements<br>(Charged) / Credited to : |                   |   |                            | At 31<br>December<br>2016 |
|--------------------------------|--|-------------------|---|----------------------------|---------------------------|
|                                | At 1<br>January<br>2016                                    | Profit or<br>loss | Other<br>comprehensive<br>income<br>(note 28)<br>(in thousand Baht) | Translation<br>adjustments |                           |
| <b>Deferred tax assets</b>     |  |                   |   |                            |                           |
| Retirement benefits obligation | 938  | (322)             | (215)   | (7)                        | 394                       |
| <b>Total</b>                   | <b>938</b>   | <b>(322)</b>      | <b>(215)</b>  | <b>(7)</b>                 | <b>394</b>                |

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

### 18 Interest-bearing liabilities

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2016

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

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

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

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

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

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

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

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

Long-term loans for the purchase of support vessels were granted by commercial banks and were denominated in US Dollar, having a total outstanding balance of US Dollar 90 million as at 31 December 2016 (2015: US Dollar 104.38 million) with repayment terms within 8 to 10 years. These loans bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of support vessels as mentioned in Note 14 and are guaranteed by the Company.

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

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

### *Breach of loan covenants*

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

### *Borrowing facilities*

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

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

### *Finance lease liabilities*

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

**Measurement of fair value**

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

The fair value measurement for loans from financial institutions of US Dollar 88.4 million (equivalent to Baht 3,167.3 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

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

**19 Other payables**

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

  

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 20 Employee benefit obligations

|   | <b>Consolidated financial statements</b> |              |                                   |                |
|---|--|--------------|-----------------------------------|----------------|
|   | 2016<br><i>(in thousand US Dollar)</i>   | 2015         | 2016<br><i>(in thousand Baht)</i> | 2015           |
| <b>Statement of financial position obligations for:</b> |  |              |                                   |                |
| Post-employment benefits                                |  |              |                                   |                |
| Retirement benefit                                      | 2,687                                    | 2,997        | 96,277                            | 108,158        |
| <b>Total</b>  | <b>2,687</b>                             | <b>2,997</b> | <b>96,277</b>                     | <b>108,158</b> |
| <b>Statement of comprehensive income:</b>               |  |              |                                   |                |
| <b>Recognised in profit or loss:</b>                    |  |              |                                   |                |
| Post-employment benefits                                |  |              |                                   |                |
| Retirement benefit                                      | 186                                      | 561          | 6,525                             | 19,213         |
| <b>Total</b>  | <b>186</b>                               | <b>561</b>   | <b>6,525</b>                      | <b>19,213</b>  |
| <b>Recognised in other comprehensive income:</b>        |  |              |                                   |                |
| Actuarial gains (losses) recognised in the year         | (13)                                     | 131          | (466)                             | 4,486          |
| Cumulative actuarial gain recognised                    | 396                                      | 471          | 14,189                            | 15,446         |
| <b>Separate financial statements</b>                    |  |              |                                   |                |
|   | 2016<br><i>(in thousand US Dollar)</i>   | 2015         | 2016<br><i>(in thousand Baht)</i> | 2015           |
| <b>Statement of financial position obligations for:</b> |  |              |                                   |                |
| Post-employment benefits                                |  |              |                                   |                |
| Retirement benefit                                      | 73                                       | 103          | 2,616                             | 3,717          |
| <b>Total</b>  | <b>73</b>                                | <b>103</b>   | <b>2,616</b>                      | <b>3,717</b>   |
| <b>Statement of comprehensive income:</b>               |  |              |                                   |                |
| <b>Recognised in profit or loss:</b>                    |  |              |                                   |                |
| Post-employment benefits                                |  |              |                                   |                |
| Retirement benefit                                      | 8  | 26           | 282                               | 890            |
| <b>Total</b>  | <b>8</b>                                 | <b>26</b>    | <b>282</b>                        | <b>890</b>     |
| <b>Recognised in other comprehensive income:</b>        |  |              |                                   |                |
| Actuarial gains recognised in the year                  | 38                                       | -            | 1,362                             | -              |
| Cumulative actuarial gain recognised                    | 132                                      | 94           | 4,392                             | 3,030          |

#### *Thailand legal severance plan*

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

*Retirement benefit*

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

The statement of financial position obligation was determined as follows:

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

Movement in the present value of the defined benefit obligations:

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### Actuarial assumptions

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

|                         | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|-------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                         | 2016                                 | 2015         | 2016                             | 2015         |
|                         |                                      |              |                                  | %            |
| Discount rate           | 3.31 – 8.70                          | 3.80 – 9.10  | 3.31                             | 3.80         |
| Future salary increases | 4.00 – 8.00                          | 4.00 – 8.00  | 4.00 – 8.00                      | 4.00 – 8.00  |
| Mortality rate          | 0.02 – 1.00                          | 0.08 – 1.03  | 0.02 – 1.00                      | 0.08 – 1.03  |
| Resignation rate        | 0.00 – 20.00                         | 0.00 – 20.00 | 0.00 – 20.00                     | 0.00 – 20.00 |

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

### Sensitivity analysis

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 21 Share capital

|                        | Par value<br>per share<br>(in Baht) | 2016<br><i>(in thousand Baht/thousand shares)</i> | 2015                    |
|------------------------|-------------------------------------|---|-------------------------|
| <b>Authorised</b>      |                                     |   |                         |
| At 1 January           |                                     |   |                         |
| - ordinary shares      | 1                                   | <u>1,416,701</u>                                  | <u>1,416,701</u>        |
| At 31 December         |                                     |   |                         |
| - ordinary shares      | 1                                   | <u><b>1,416,701</b></u>                           | <u><b>1,416,701</b></u> |
| <b>Issued and paid</b> |                                     |   |                         |
| At 1 January           |                                     |   |                         |
| - ordinary shares      | 1                                   | <u>1,413,329</u>                                  | <u>1,413,329</u>        |
| At 31 December         |                                     |   |                         |
| - ordinary shares      | 1                                   | <u><b>1,413,329</b></u>                           | <u><b>1,413,329</b></u> |

#### **Premium on share capital**

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

|                          | Note | 2016<br><i>(in thousand Baht)</i> | 2015                     |
|--------------------------|------|-----------------------------------|--------------------------|
| At 1 January             |      | 13,558,613                        | 13,558,613               |
| Compensation for deficit | 36   | <u>(1,286,935)</u>                | <u>-</u>                 |
| At 31 December           |      | <u><b>12,271,678</b></u>          | <u><b>13,558,613</b></u> |

### 22 Reserves

#### **Legal reserve**

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

#### **Other components of equity**

##### **Currency translation differences**

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

##### **Difference arising from common control transactions**

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

##### **Movements in reserves**

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 23 Segment information

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services and are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

#### Business segments

The Group comprises the following main business segments:

|           |                |
|-----------|----------------|
| Segment 1 | Subsea group   |
| Segment 2 | Drilling group |
| Segment 3 | Holding        |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

|   | Consolidated financial statements<br>for the year ended 31 December 2016 |                   |   |                |             |                |
|---|--|-------------------|---|----------------|-------------|----------------|
|   | Subsea<br>group  | Drilling<br>group | Holding<br><i>(in thousand US Dollar)</i> | Total          |             |                |
|   | Elimination  | Group             | Elimination                               | Group          |             |                |
| Revenue from rendering of services                                  | 185,249  | -                 | 185,249                                   | -              | 185,249     |                |
| Operating profit (loss)   | 7,064  | (545)             | 48  | 6,567          | (216)       | 6,351          |
| Share of profit of investments in associates and joint venture      | 889  | -                 | 10,638                                    | 11,527         | -           | 11,527         |
| Finance costs   | (3,560)  | -                 | (134)                                     | (3,694)        | 217         | (3,477)        |
| Income tax benefit  | 161  | 1,977             | 687                                       | 2,825          | -           | 2,825          |
| Profit for the year   | <b>4,554</b>   | <b>1,432</b>      | <b>11,239</b>                             | <b>17,225</b>  | <b>1</b>    | <b>17,226</b>  |
| <b>Consolidated financial statements<br/>as at 31 December 2016</b> |  |                   |   |                |             |                |
|   | Subsea<br>group  | Drilling<br>group | Holding<br><i>(in thousand US Dollar)</i> | Total          | Elimination | Group          |
| Cash and cash equivalents   | 39,010   | 1,524             | 21,283                                    | 61,817         | -           | 61,817         |
| Short-term deposit at financial institution                         | -  | -                 | 27,950                                    | 27,950         | -           | 27,950         |
| Trade accounts receivable   | 65,253   | -                 | -   | 65,253         | -           | 65,253         |
| Investments in associates and joint venture                         | 1,965  | -                 | 84,359                                    | 86,324         | -           | 86,324         |
| Property, plant and equipment                                       | 194,456  | 2,018             | 1,718                                     | 198,192        | -           | 198,192        |
| Unallocated assets  | <b>300,684</b>   | <b>3,542</b>      | <b>135,310</b>                            | <b>439,536</b> | -           | <b>439,536</b> |
| <b>Total assets</b>   |  |                   |   |                |             | <b>32,549</b>  |
|   |  |                   |   |                |             | <b>472,085</b> |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

|   | Consolidated financial statements<br>as at 31 December 2016 |                   |                                    |                               |
|---|---|-------------------|------------------------------------|-------------------------------|
|   | Subsea<br>group   | Drilling<br>group | Holding<br>(in thousand US Dollar) | Total<br>Elimination<br>Group |
| Interest-bearing liabilities  | 89,517  | -                 | -                                  | 89,517                        |
| Unallocated liabilities   | <b>89,517</b>   | -                 | -                                  | <b>89,517</b>                 |
| <b>Total liabilities</b>  |   |                   |                                    | <b>44,321</b>                 |
| Capital expenditure   | 4,826   | 47                | 38                                 | 4,911                         |
| Depreciation  | 20,530  | 15                | 357                                | 20,902                        |
| Amortisation  | 110   | 1                 | 30                                 | 141                           |
| Gain (loss) on disposal and write-off property, plant<br>and equipment and intangible asset | 33  | (54)              | 11                                 | (10)                          |
| Net impairment losses on property, plant and equipment                                      | 6   | -                 | -                                  | 6                             |
|   |   |                   |                                    | <b>133,838</b>                |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

|   | Consolidated financial statements<br>for the year ended 31 December 2015 |   |                  |             |                  |
|---|--|---|------------------|-------------|------------------|
|   | Drilling<br>group  | Holding<br><i>(in thousand US Dollar)</i> | Total            | Elimination |                  |
|   | Subsea<br>group  |   |                  | Group       |                  |
| Revenue from rendering of services                                    | 336,561  | -   | 336,615          | (29)        | 336,586          |
| Operating loss  | (68,854)   | (15,377)                                  | (176,339)        | (703)       | (177,042)        |
| Share of profit (loss) of investments in associates and joint venture | 661  | (51,023)                                  | (50,362)         | -           | (50,362)         |
| Finance costs   | (4,114)  | -   | (4,114)          | 704         | (3,410)          |
| Income tax (expense) benefit  | 44   | (486)                                     | (529)            | -           | (529)            |
| Loss for the year   | <b>(72,263)</b>  | <b>(66,886)</b>                           | <b>(231,344)</b> | <b>1</b>    | <b>(231,343)</b> |
|   |  |   |                  |             |                  |
|   | Consolidated financial statements<br>as at 31 December 2015              |   |                  |             |                  |
|   | Drilling<br>group  | Holding<br><i>(in thousand US Dollar)</i> | Total            | Elimination | Group            |
|   | Subsea<br>group  |   |                  |             |                  |
| Cash and cash equivalents   | 32,334   | 23,117                                    | 57,411           | -           | 57,411           |
| Trade accounts receivable   | 114,785  | -   | 114,785          | -           | 114,785          |
| Investments in associates and joint venture                           | 1,076  | 73,721                                    | 74,797           | -           | 74,797           |
| Property, plant and equipment   | 210,235  | 1,986                                     | 214,262          | -           | 214,262          |
|   | <b>358,430</b>   | <b>98,824</b>                             | <b>461,255</b>   | <b>-</b>    | <b>461,255</b>   |
| Unallocated assets  |  |   |                  |             | 38,550           |
| <b>Total assets</b>   |  |   |                  |             | <b>499,805</b>   |

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

|   | Consolidated financial statements<br>as at 31 December 2015 |                   |   |   |             |                |
|---|---|-------------------|---|---|-------------|----------------|
|   | Subsea<br>group   | Drilling<br>group | Holding<br><i>(in thousand US Dollar)</i> | Total<br><i>(in thousand US Dollar)</i> | Elimination | Group          |
| Interest-bearing liabilities  | 107,424   | -                 | -   | 107,424                                 | -           | 107,424        |
| Unallocated liabilities   | <b>107,424</b>  | -                 | -   | <b>107,424</b>                          | -           | <b>107,424</b> |
| <b>Total liabilities</b>  |   |                   |   |   |             | <b>71,342</b>  |
|   |   |                   |   |   |             | <b>178,766</b> |
| Capital expenditure   | 20,723  | 2,384             | 63  | 23,170                                  | -           | 23,170         |
| Depreciation  | 24,784  | 7,117             | 439                                       | 32,340                                  | -           | 32,340         |
| Amortisation  | 248   | 1                 | 34  | 283                                     | -           | 283            |
| Gain (loss) on disposal and write-off property, plant<br>and equipment and intangible asset | 38  | (11)              | -   | 27                                      | -           | 27             |
| Impairment losses on property, plant and equipment<br>and related supplies and spare parts  | 71,404  | 83,801            | -   | 155,205                                 | -           | 155,205        |
| Impairment losses on goodwill   | 8,070   | -                 | -   | 8,070                                   | -           | 8,070          |



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2016

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2016

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

|   | Consolidated financial statements<br>as at 31 December 2015 |                   |                                      |                  |             |                  |
|---|---|-------------------|--------------------------------------|------------------|-------------|------------------|
|   | Subsea<br>group   | Drilling<br>group | Holding<br><i>(in thousand Baht)</i> | Total            | Elimination | Group            |
| Interest-bearing liabilities  | 3,876,782   | -                 | -                                    | 3,876,782        | -           | 3,876,782        |
| Unallocated liabilities   | <b>3,876,782</b>  | -                 | -                                    | <b>3,876,782</b> | -           | <b>3,876,782</b> |
| <b>Total liabilities</b>  |   |                   |                                      |                  |             | <b>2,574,633</b> |
|   |   |                   |                                      |                  |             | <b>6,451,415</b> |
| Capital expenditure   | 747,865   | 86,035            | 2,274                                | 836,174          | -           | 836,174          |
| Depreciation  | 848,795   | 243,741           | 15,035                               | 1,107,571        | -           | 1,107,571        |
| Amortisation  | 8,494   | 34                | 1,164                                | 9,692            | -           | 9,692            |
| Gain (loss) on disposal and write-off property, plant<br>and equipment and intangible asset | 1,302   | (377)             | -                                    | 925              | -           | 925              |
| Impairment losses on property, plant and equipment<br>and related supplies and spare parts  | 2,558,825   | 3,003,086         | -                                    | 5,561,911        | -           | 5,561,911        |
| Impairment losses on goodwill   | 289,196   | -                 | -                                    | 289,196          | -           | 289,196          |

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### Geographical information

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

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

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

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

### Major customer

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**24 Cost of rendering of services**

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

**25 Administrative expenses**

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 26 Employee benefit expense

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

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

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

### 27 Finance costs

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 28 Income tax expense

#### *Income tax recognised in profit or loss*

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

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

#### *Income tax recognised in other comprehensive income*

|   |             | Consolidated financial statements |                                     |            |             |                                     |            |
|---|-------------|-----------------------------------|-------------------------------------|------------|-------------|-------------------------------------|------------|
|   |             | Before tax                        | 2016<br>Tax<br>(expense)<br>benefit | Net of tax | Before tax  | 2015<br>Tax<br>(expense)<br>benefit | Net of tax |
| Defined benefit plan actuarial gains (losses) | (13)        | 7                                 | (6)                                 | 131        | (32)        | 99                                  |            |
| <b>Total</b>                                  | <b>(13)</b> | <b>7</b>                          | <b>(6)</b>                          | <b>131</b> | <b>(32)</b> | <b>99</b>                           |            |

*(in thousand US Dollar)*

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

*(in thousand Baht)*



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

***Reconciliation of effective tax rate***

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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

*Income tax reduction*

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

**29 Promotional privileges**

As at 31 December 2016, a subsidiary in Thailand received promotional privileges from the Thailand Board of Investment (“BOI”) under a number of different categories, including services of submerged and drilling structure inspection and marine transportation services. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 30 Earnings (losses) per share

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

The calculations of basic earnings (losses) per share for the year ended 31 December 2016 and 2015 were based on the profit (loss) for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *Diluted losses per share*

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

|  | <b>Consolidated financial statements</b>                        |  |
|--|---|--|
|  | 2015<br><i>(in thousand US<br/>Dollar/<br/>thousand shares)</i> | 2015<br><i>(in thousand Baht/<br/>thousand shares)</i> |
| <b>Loss attributable to ordinary shareholders of the Company (basic)</b> | <b><u>(229,112)</u></b>   | <b><u>(8,102,998)</u></b>                              |
| Number of ordinary shares outstanding (basic)                            | 1,413,329   | 1,413,329  |
| Effect from employee share option plan                                   | <u>23</u>   | <u>23</u>  |
| <b>Number of ordinary shares outstanding (diluted)</b>                   | <b><u>1,413,352</u></b>   | <b><u>1,413,352</u></b>                                |
|  | <i>(in US dollar)</i>   | <i>(in Baht)</i>                                       |
| <b>Losses per share (diluted)</b>  | <b><u>(0.162)</u></b>   | <b><u>(5.733)</u></b>                                  |
|  | <b>Separate financial statements</b>                            |  |
|  | 2015<br><i>(in thousand US<br/>Dollar/<br/>thousand shares)</i> | 2015<br><i>(in thousand Baht/<br/>thousand shares)</i> |
| <b>Loss attributable to ordinary shareholders of the Company (basic)</b> | <b><u>(83,287)</u></b>  | <b><u>(2,951,010)</u></b>                              |
| Number of ordinary shares outstanding (basic)                            | 1,413,329   | 1,413,329  |
| Effect from employee share option plan                                   | <u>23</u>   | <u>23</u>  |
| <b>Number of ordinary shares outstanding (diluted)</b>                   | <b><u>1,413,352</u></b>   | <b><u>1,413,352</u></b>                                |
|  | <i>(in US dollar)</i>   | <i>(in Baht)</i>                                       |
| <b>Losses per share (diluted)</b>  | <b><u>(0.059)</u></b>   | <b><u>(2.088)</u></b>                                  |

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

# **Mermaid Maritime Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **31 Dividends**

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

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

### **32 Financial instruments**

#### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests and also monitor the level of dividends to ordinary shareholders.

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (Note 18).

#### *Foreign currency risk*

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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:

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

***Credit risk***

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *Liquidity risk*

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

### *Carrying amount and fair values*

As at 31 December 2016 and 2015, except for investment properties disclosed in Note 13 and loans from financial institutions disclosed in Note 18, the fair value of financial assets and liabilities are taken to approximate the carrying values due to the relatively short-term maturity of these financial assets and liabilities.

## 33 Guarantees

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

|  | <b>Consolidated financial statements</b> |                 |                  |                  |                 |                 |
|--|--|-----------------|------------------|------------------|-----------------|-----------------|
|  | 2016                                     |                 | 2015             |                  |                 |                 |
|  | thousand<br>Baht                         | thousand<br>USD | thousand<br>QAR  | thousand<br>Baht | thousand<br>USD | thousand<br>QAR |
| Letters of guarantee issued by financial institutions in the normal course of business | 15,600                                   | 16,884          | -                | 15,600           | 27,927          | -               |
| Guarantee for short-term borrowing of subsidiaries to financial institutions           | -  | -               | -                | -                | -               | 13,100          |
| Guarantee for long-term loans of subsidiaries to financial institutions                | -  | 90,000          | -                | -                | 104,375         | -               |
|  | <b>Separate financial statements</b>     |                 |                  |                  |                 |                 |
|  | 2016                                     |                 | 2015             |                  |                 |                 |
|  | thousand<br>Baht                         | thousand<br>USD | thousand<br>Baht | thousand<br>USD  |                 |                 |
| Letters of guarantee issued by financial institutions in the normal course of business | 400                                      | 8,750           | 400              | 8,750            |                 |                 |
| Guarantee for long-term loans of subsidiaries to financial institutions                | -  | 90,000          | -                | 104,375          |                 |                 |



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 34 Commitments with non-related parties

(a) *Capital commitments*

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

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

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

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

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

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

(c) *Other commitments*

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 35 Share-based payments

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

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

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

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

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

|                            | Consolidated<br>financial statements          |                              | Separate<br>financial statements              |                              |
|----------------------------|---|------------------------------|---|------------------------------|
|                            | Average<br>exercise<br>price<br>SGD per share | Option<br>Thousand<br>shares | Average<br>exercise<br>price<br>SGD per share | Option<br>Thousand<br>shares |
| At 1 January 2015          | 0.31  | 631                          | 0.31  | 631                          |
| Forfeited                  | 0.28  | (124)                        | 0.28  | (124)                        |
| Expired                    | 0.40  | (270)                        | 0.40  | (270)                        |
| <b>At 31 December 2015</b> | <b>0.21</b>                                   | <b>237</b>                   | <b>0.21</b>                                   | <b>237</b>                   |
| Expired                    | 0.21  | (237)                        | 0.21  | (237)                        |
| <b>At 31 December 2016</b> |   | <b>-</b>                     |   | <b>-</b>                     |

### 36 The compensation of accumulated loss

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 37 Events after the reporting period

#### *Decrease in share capital of a subsidiary*

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

#### *Deregistration of subsidiaries*

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

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

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group’s operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

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