

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

Financial statements for the year ended
31 December 2017
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 2017, 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 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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



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.

<p>The impairment testing of property, plant and equipment, goodwill, investment in subsidiaries and associates Refer to Notes 3, 11, 12, 14, and 15 to the consolidated and separate financial statements</p>	
<p>The key audit matter</p> <p>As the exploration business is in downturn which influenced the expenditure of the Group's customers on oil and gas exploration and production activities, which resulted in lower utilisation and day rate for subsea and offshore drilling services. This is an indicator of impairment of property, plant and equipment, goodwill and investment in associates in the consolidated financial statements, and of investment in subsidiaries in the separate financial statements.</p> <p>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>How the matter was addressed in the audit</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 and offshore drilling 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>
<p>Recognition of deferred tax assets Refer to Notes 3 and 18 to the consolidated financial statements</p>	
<p>The key audit matter</p> <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>How the matter was addressed in the audit</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>

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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. **B**



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

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

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

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

(Banthit Tangpakorn)
Certified Public Accountant
Registration No. 8509

KPMG Phoomchai Audit Ltd.
Bangkok
27 February 2018

Mermaid Maritime Public Company Limited and its Subsidiaries

Statement of financial position

Consolidated financial statements

Assets	Note	31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current assets					
Cash and cash equivalents	5	68,692	61,817	2,244,916	2,214,946
Short-term deposit at financial institution	6	-	27,950	-	1,001,468
Trade accounts receivables	4, 7	62,147	65,253	2,031,020	2,338,061
Other receivables	4, 8	9,037	15,477	295,337	554,551
Deferred contract costs	9	-	1,695	-	60,733
Supplies and spare parts		1,928	1,877	63,009	67,254
Total current assets		141,804	174,069	4,634,282	6,237,013
Non-current assets					
Restricted deposit at financial institutions	10	12,802	7,977	418,381	285,821
Investment in associates	11	88,927	84,359	2,906,214	3,022,642
Investment in joint venture	11	2,047	1,965	66,898	70,407
Investment properties	13	541	619	17,680	22,179
Property, plant and equipment	14	182,872	198,192	5,976,422	7,101,357
Goodwill	15	2,066	2,066	67,519	74,026
Intangible assets	16	122	229	3,987	8,205
Advance payment for investment	17	17,275	-	564,563	-
Deferred tax assets	18	2,470	2,448	80,722	87,714
Other non-current assets		202	161	6,602	5,769
Total non-current assets		309,324	298,016	10,108,988	10,678,120
Total assets		451,128	472,085	14,743,270	16,915,133

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Statement of financial position

Consolidated financial statements					
Liabilities and equity	<i>Note</i>	31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>					
Trade accounts payables		4,792	5,764	156,607	206,528
Other payables	4, 20	22,079	35,636	721,561	1,276,862
Current portion of long-term borrowings	19	11,890	9,890	388,576	354,366
Current portion of finance lease liabilities	19	47	11	1,536	394
Current income tax payable		75	234	2,451	8,384
Total current liabilities		38,883	51,535	1,270,731	1,846,534
<i>Non-current liabilities</i>					
Long-term borrowings	19	67,725	79,615	2,213,314	2,852,661
Finance lease liabilities	19	92	1	3,007	36
Provisions for employee benefits	21	2,244	2,687	73,336	96,277
Total non-current liabilities		70,061	82,303	2,289,657	2,948,974
Total liabilities		108,944	133,838	3,560,388	4,795,508

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Statement of financial position

Consolidated financial statements

Liabilities and equity	Note	31 December		31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Equity					
Share capital	22				
Authorized share capital		-	-	1,416,701	1,416,701
Issued and paid share capital		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	22, 35	343,536	343,536	12,271,678	12,271,678
Deficit	35	(46,052)	(50,400)	(3,378,846)	(3,529,009)
Other components of equity	23	(2,199)	(1,801)	895,048	1,981,528
Equity attributable to owners of					
the parent		342,607	338,657	11,201,209	12,137,526
Non-controlling interests		(423)	(410)	(18,327)	(17,901)
Total equity		342,184	338,247	11,182,882	12,119,625
Total liabilities and equity		451,128	472,085	14,743,270	16,915,133

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	
		2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Current assets					
Cash and cash equivalents	5	25,370	20,877	829,114	748,039
Short-term deposit at financial institution	6	-	27,950	-	1,001,468
Other receivables	4, 8	140,714	128,730	4,598,660	4,612,486
Short-term loans to related party	4	62	50,627	2,026	1,814,001
Total current assets		166,146	228,184	5,429,800	8,175,994
Non-current assets					
Restricted deposit at financial institutions	10	4,375	-	142,979	-
Investment in joint venture	11	213	213	6,961	7,632
Investments in subsidiaries	12	156,959	192,319	5,129,561	6,890,924
Investment properties	13	1,914	2,197	62,551	78,720
Long-term loan to related party	4	55,506	-	1,813,986	-
Property, plant and equipment	14	204	142	6,667	5,088
Intangible assets	16	42	71	1,373	2,544
Advance payment for investment	17	17,275	-	564,563	-
Deferred tax assets	18	17	11	556	394
Other non-current assets		48	33	1,569	1,182
Total non-current assets		236,553	194,986	7,730,766	6,986,484
Total assets		402,699	423,170	13,160,566	15,162,478

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	2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Current liabilities					
Other payables	4, 20	586	36,332	19,152	1,301,800
Current income tax payable		-	8	-	287
Total current liabilities		586	36,340	19,152	1,302,087
Non-current liabilities					
Provisions for employee benefits	21	87	73	2,843	2,616
Total non-current liabilities		87	73	2,843	2,616
Total liabilities		673	36,413	21,995	1,304,703
Equity					
Share capital	22				
Authorized share capital		-	-	1,416,701	1,416,701
Issued and paid share capital		47,322	47,322	1,413,329	1,413,329
Share premium on ordinary shares	22, 35	343,536	343,536	12,271,678	12,271,678
Differences arising from common control transactions	23	(7,406)	(7,406)	(239,757)	(239,757)
Retained earnings (Deficit)					
Unappropriated (Deficit)	35	18,546	3,277	(849,219)	(1,370,244)
Other components of equity	23	28	28	542,540	1,782,769
Total equity		402,026	386,757	13,138,571	13,857,775
Total liabilities and equity		402,699	423,170	13,160,566	15,162,478

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

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

Consolidated financial statements					
	<i>Note</i>	Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Revenues					
Revenue from services	4	144,661	185,249	4,918,910	6,533,377
Interest income		765	468	25,863	16,502
Net gain on foreign exchange		1,083	-	36,885	-
Other income	4	1,568	1,438	54,709	50,864
Total revenues		148,077	187,155	5,036,367	6,600,743
Expenses					
Costs of services	25	121,596	151,442	4,135,933	5,344,715
Administrative expenses	4, 26	23,288	29,358	790,820	1,035,889
Net loss on foreign exchange		-	4	-	295
Finance costs	28	3,583	3,477	121,557	122,724
Total expenses		148,467	184,281	5,048,310	6,503,623
Share of profit of associates and joint venture	11	4,650	11,527	157,871	407,632
Profit before income tax expense (income)		4,260	14,401	145,928	504,752
Tax expense (income)	29	56	(2,825)	1,818	(100,277)
Profit for the year		4,204	17,226	144,110	605,029
Other comprehensive expense					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(144)	(12)	(5,057)	(436)
Translation adjustments		-	-	(1,071,743)	(70,601)
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans, net of tax	29	(123)	(6)	(4,053)	(215)
Other comprehensive expense for the year, net of tax		(267)	(18)	(1,080,853)	(71,252)
Total comprehensive income (expense) for the year		3,937	17,208	(936,743)	533,777

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

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

Consolidated financial statements

	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Profit (loss) attributable to:				
Owners of parent	4,217	17,107	144,536	600,842
Non-controlling interests	(13)	119	(426)	4,187
Profit for the year	4,204	17,226	144,110	605,029
Total comprehensive income (expense)				
attributable to:				
Owners of parent	3,950	17,090	(936,317)	529,625
Non-controlling interests	(13)	118	(426)	4,152
Total comprehensive income (expense)				
for the year	3,937	17,208	(936,743)	533,777
Basic earnings per share				
	<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings per share	31 0.003	0.012	0.102	0.425

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

	Note	Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
		(in thousand US Dollar)		(in thousand Baht)	
Revenue					
Management fee income	4	360	195	11,861	7,221
Interest income	4	1,336	3,060	45,227	108,492
Net gain on foreign exchange		15,013	3,373	512,535	119,101
Other income	4	1,950	399	66,203	14,096
Total revenue		18,659	7,027	635,826	248,910
Expenses					
Administrative expenses	4, 26	3,396	3,790	114,999	133,645
Total expenses		3,396	3,790	114,999	133,645
Profit before income tax expense (income)		15,263	3,237	520,827	115,265
Tax expense (income)	29	(6)	68	(198)	2,408
Profit for the year		15,269	3,169	521,025	112,857
Other comprehensive income (expense)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Translation adjustments		-	-	(1,240,229)	(98,228)
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit plans	29	-	32	-	1,147
Other comprehensive income (expense) for the year, net of tax		-	32	(1,240,229)	(97,081)
Total comprehensive income (expense) for the year		15,269	3,201	(719,204)	15,776
Basic earnings per share		<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earnings per share	31	0.011	0.002	0.369	0.080

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 paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of parent	Non- controlling interests	Total equity
		<i>(in thousand US Dollar)</i>										
Year ended 31 December 2016												
	Balance at 1 January 2016	47,322	422,563	4,503	(151,031)	1,348	28	(3,166)	(1,790)	321,567	(528)	321,039
Comprehensive income (expense) for the year												
	Profit or loss	-	-	-	17,107	-	-	-	-	17,107	119	17,226
	Losses on remeasurements of defined benefit plans	-	-	-	(6)	-	-	-	-	(6)	-	(6)
	Exchange differences on translating financial statements	-	-	-	-	(11)	-	-	(11)	(11)	(1)	(12)
Total comprehensive income (expense) for the year		-	-	-	17,101	(11)	-	-	(11)	17,090	118	17,208
Transfer share premium on ordinary share to compensate for deficit		-	(79,027)	-	79,027	-	-	-	-	-	-	-
Transfer legal reserve to compensate for deficit		-	-	(4,503)	4,503	-	-	-	-	-	-	-
Balance at 31 December 2016		47,322	343,536	-	(50,400)	1,337	28	(3,166)	(1,801)	338,657	(410)	338,247

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

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements											
	Retained earnings/(Deficit)			Other components of equity				Equity attributable to owners of parent			Non-controlling interests	Total equity
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment	Changes in ownership interests	Total other components of equity	Equity attributable to owners of parent	Non-controlling interests		
Note												
Year ended 31 December 2016												
Balance at 1 January 2016	1,413,329	13,558,613	141,670	(5,558,241)	2,163,139	874	(111,483)	2,052,530	11,607,901	(22,053)	11,585,848	
Comprehensive income (expense) for the year												
Profit or loss	-	-	-	600,842	-	-	-	-	600,842	4,187	605,029	
Losses on remeasurements of defined benefit plans	29	-	-	(215)	-	-	-	-	(215)	-	(215)	
Exchange differences on translating financial statements	-	-	-	-	(71,002)	-	-	(71,002)	(71,002)	(35)	(71,037)	
Total comprehensive income (expense) for the year	-	-	-	600,627	(71,002)	-	-	(71,002)	529,625	4,152	533,777	
Transfer share premium on ordinary share to compensate for deficit	35	-	-	1,286,935	-	-	-	-	-	-	-	
Transfer legal reserve to compensate for deficit	35	-	(141,670)	141,670	-	-	-	-	-	-	-	
Balance at 31 December 2016	1,413,329	12,271,678	-	(3,529,009)	2,092,137	874	(111,483)	1,981,528	12,137,526	(17,901)	12,119,625	

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements										
	(in thousand Baht)										
	Note	Retained earnings/(Deficit)		Other components of equity			Equity attributable to owners of parent	Non-controlling interests	Total equity		
Issued and paid share capital		Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment				Changes in ownership interests	Total other components of equity
Year ended 31 December 2017											
Balance at 1 January 2017	1,413,329	12,271,678	-	(3,529,009)	2,092,137	874	(111,483)	1,981,528	12,137,526	(17,901)	12,119,625
Transactions with owners, recorded directly in equity											
<i>Distribution to owners of the parent</i>											
Liquidation of a subsidiary	12	-	-	9,680	-	-	(9,680)	(9,680)	-	-	-
<i>Total distributions to owners of the parent</i>											
Total transactions with owners, recorded directly in equity				9,680	-	-	(9,680)	(9,680)	-	-	-
Comprehensive income (expense) for the year											
Profit or loss				144,536					144,536	(426)	144,110
Losses on remeasurements of defined benefit plans	29			(4,053)					(4,053)	-	(4,053)
Exchange differences on translating financial statements				-	(1,076,800)			(1,076,800)	(1,076,800)	-	(1,076,800)
Total comprehensive income (expense) for the year				140,483	(1,076,800)			(1,076,800)	(936,317)	(426)	(936,743)
Balance at 31 December 2017	1,413,329	12,271,678	-	(3,378,346)	1,015,337	874	(121,163)	895,048	11,201,209	(18,327)	11,182,882

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

Mermaid Maritime Public Company Limited and its Subsidiaries
Statement of changes in equity

	Separate financial statements							Total equity
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings/(Deficit)		Other components of equity		
				Legal reserve	Unappropriated (Deficit)	Share-based payment		
Year ended 31 December 2016								
Balance at 1 January 2016	47,322	422,563	(7,406)	4,503	(83,454)	28		383,556
<i>(in thousand US Dollar)</i>								
Comprehensive income for the period								
Profit or loss	-	-	-	-	3,169	-	-	3,169
Gains on remeasurements of defined benefit plans	-	-	-	-	32	-	-	32
Total comprehensive income for the period	-	-	-	-	3,201	-	-	3,201
Transfer share premium on ordinary shares to compensate for deficit	-	(79,027)	-	-	79,027	-	-	-
Transfer legal reserve to compensate for deficit	-	-	-	(4,503)	4,503	-	-	-
Balance at 31 December 2016	47,322	343,536	(7,406)	-	3,277	28		386,757

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 2017	Separate financial statements						Total equity
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Retained earnings		Other components of equity	
	47,322	343,536	(7,406)	Legal reserve	Unappropriated	Share-based payment	
Balance at 1 January 2017	47,322	343,536	(7,406)	-	3,277	28	386,757
Comprehensive income for the year	-	-	-	-	15,269	-	15,269
Profit or loss	-	-	-	-	15,269	-	15,269
Total comprehensive income for the year	47,322	343,536	(7,406)	-	18,546	28	402,026
Balance at 31 December 2017	47,322	343,536	(7,406)	-	18,546	28	402,026

(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

	Separate financial statements							Total equity		
	Note	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Other components of equity				Total other components of equity	
					Retained earnings/(Deficit)	Translation of financial statements	Share-based payment			Total
(in thousand Baht)										
Year ended 31 December 2016										
		1,413,329	13,558,613	(239,757)	141,670	(2,912,853)	1,880,123	874	1,880,997	13,841,999
Comprehensive income (expense) for the period										
		-	-	-	-	112,857	-	-	-	112,857
	29	-	-	-	-	1,147	-	-	-	1,147
		-	-	-	-	-	(98,228)	-	(98,228)	(98,228)
		-	-	-	-	114,004	(98,228)	-	(98,228)	15,776
Total comprehensive income (expense) for the period										
	35	-	(1,286,935)	-	-	1,286,935	-	-	-	-
	35	-	-	-	(141,670)	141,670	-	-	-	-
		1,413,329	12,271,678	(239,757)	-	(1,370,244)	1,781,895	874	1,782,769	13,857,775
Balance at 31 December 2016										

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

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

Mermaid Maritime Public Company Limited and its Subsidiaries
Statement of cash flows

	Consolidated financial statements			
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Cash flows from operating activities				
Profit for the year	4,204	17,226	144,110	605,029
<i>Adjustments to reconcile profit to cash receipts</i>				
<i>(payments)</i>				
Tax expense (income)	56	(2,825)	1,818	(100,277)
Finance costs	3,583	3,477	121,557	122,724
Depreciation	19,340	20,902	657,110	737,703
Amortisation	1,828	2,180	62,381	76,948
Impairment losses on assets	-	6	-	199
Unrealised (gain) loss on exchange	(733)	125	(25,248)	4,629
Share of profit of associates and joint venture, net of tax	(4,650)	(11,527)	(157,871)	(407,632)
Bad and doubtful debts expenses	-	457	-	16,034
(Gain) loss on disposals and write-offs				
of property, plant and equipment and intangible assets	(7)	10	(244)	358
Interest income	(765)	(468)	(25,863)	(16,502)
Gain from liquidation of a subsidiary	(145)	-	(5,092)	-
Provision for employee benefits	339	186	11,762	6,525
Reversal of provision for non-refundable withholding tax	(1,146)	-	(40,127)	-
Loss from write-off non-refundable withholding tax	1,483	7,770	51,157	274,720
	<u>23,387</u>	<u>37,519</u>	<u>795,450</u>	<u>1,320,458</u>
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institution	(4,825)	(2,128)	(157,685)	(76,248)
Trade accounts receivables	3,126	49,151	102,161	1,761,115
Other receivables	7,635	(390)	249,519	(13,974)
Supplies and spare parts	(51)	642	(1,667)	23,003
Other non-current assets	(41)	132	(1,340)	4,730
Trade accounts payable	(1,044)	(6,213)	(34,119)	(222,616)
Other payables	(14,524)	(22,112)	(474,657)	(792,288)
Exchange rate (gains) losses from translating				
financial statements	1	(12)	35	(437)
Translation adjustments	-	-	(219,242)	5,594
Net cash generated from operating activities	<u>13,664</u>	<u>56,589</u>	<u>258,455</u>	<u>2,009,337</u>
Employee benefits paid	(946)	(509)	(32,086)	(18,030)
Taxes paid	(1,406)	(3,658)	(48,295)	(129,838)
Net cash from operating activities	<u>11,312</u>	<u>52,422</u>	<u>178,074</u>	<u>1,861,469</u>

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	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>				
Increase in short-term deposit at financial institution	-	(27,950)	-	(1,001,468)
Increase in advance payment for investment	(17,275)	-	(564,563)	-
Proceeds from short-term deposit at financial institutions	27,950	-	913,431	-
Proceeds from sale of property, plant and equipment and intangible assets	38	65	1,242	2,329
Acquisition of property, plant and equipment and intangible assets	(3,138)	(5,382)	(102,553)	(192,841)
Dividends received from associates	-	6,752	-	241,929
Interest received	862	319	28,171	11,430
Net cash from (used in) investing activities	8,437	(26,196)	275,728	(938,621)
<i>Cash flows from financing activities</i>				
Repayment of borrowings	(10,000)	(17,988)	(326,809)	(644,522)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(35)	(24)	(1,144)	(860)
Finance costs paid	(3,456)	(3,378)	(117,276)	(119,231)
Net cash used in financing activities	(13,491)	(21,390)	(445,229)	(764,613)
Net increase in cash and cash equivalents, before effect of exchange rates	6,258	4,836	8,573	158,235
Effect of exchange rates changes on cash and cash equivalents	617	(430)	21,397	(15,172)
Net increase in cash and cash equivalents	6,875	4,406	29,970	143,063
Cash and cash equivalents at beginning of period	61,817	57,411	2,214,946	2,071,883
Cash and cash equivalents at ending of period	68,692	61,817	2,244,916	2,214,946
<i>Non-cash transactions</i>				
Receivables for sales of property, plant and equipment and intangible assets	2	23	65	824
Payables for purchase of property, plant and equipment and intangible assets	893	-	29,184	-
Finance lease agreements for purchases of equipment	156	-	5,098	-

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				
	Note	Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
<i>Cash flows from operating activities</i>					
Profit for the year		15,269	3,169	521,025	112,857
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense (income)		(6)	68	(198)	2,408
Depreciation		344	358	11,665	12,637
Amortisation		29	30	986	1,059
Gain from disposal of investment in a subsidiary		(595)	-	(19,866)	-
Unrealised gain on exchange		(15,127)	(1,257)	(516,431)	(44,210)
Bad and doubtful debts expenses		72	44	2,511	1,550
(Reversal of) bad and doubtful debts expenses		(1,000)	-	(34,301)	-
Gains on disposals of property, plant and equipment and intangible assets		-	(11)	-	(389)
Interest income		(1,336)	(3,060)	(45,227)	(108,492)
Provision for employee benefits		14	8	474	282
Loss from write-off non-refundable withholding taxes		-	52	-	1,840
		<u>(2,336)</u>	<u>(599)</u>	<u>(79,362)</u>	<u>(20,458)</u>
<i>Changes in operating assets and liabilities</i>					
Restricted deposit at financial institution		(4,375)	-	(142,979)	-
Receivables from related parties		(123)	8,042	(4,020)	288,150
Other receivables		(14)	47	(458)	1,684
Other non-current assets		(16)	4	(523)	143
Other payables		210	(349)	6,862	(12,505)
Translation adjustments		-	-	(62,741)	(70,576)
Net cash from (used in) operating activities		<u>(6,654)</u>	<u>7,145</u>	<u>(283,221)</u>	<u>186,438</u>
Tax paid		(33)	(796)	(1,139)	(28,114)
Net cash from (used in) operating activities		<u>(6,687)</u>	<u>6,349</u>	<u>(284,360)</u>	<u>158,324</u>
<i>Cash flows from investing activities</i>					
Increase in short-term deposit at financial institution		-	(27,950)	-	(1,001,468)
Increase in advance payment for investment		(17,275)	-	(564,563)	-
Proceeds from short-term deposit at financial institution		27,950	-	913,431	-
Proceeds from repayment of short-term loans to related parties		16,000	79,789	522,894	2,858,896
Short-term loans provided to related parties		(16,062)	-	(524,921)	-
Acquisition of subsidiaries, net of cash acquired		-	(70,142)	-	(2,450,000)
Proceeds from sale of property, plant and equipment and intangible assets		-	11	-	394
Acquisition of property, plant and equipment and intangible assets		(123)	(38)	(4,020)	(1,361)
Dividends received from a subsidiary		-	9,600	-	343,975
Interest received		650	250	21,243	8,958
Net cash from (used in) investing activities		<u>11,140</u>	<u>(8,480)</u>	<u>364,064</u>	<u>(240,606)</u>

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				
	<i>Note</i>	Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
<i>Cash flows from financing activities</i>					
Proceeds from borrowings	-	6,800	-	243,649	
Repayments of borrowings	-	(6,800)	-	(243,649)	
Net cash from financing activities	-	-	-	-	
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	4,453	(2,131)	79,704	(82,282)	
Effects of exchange rate changes on cash and cash equivalents	40	18	1,371	644	
Net increase (decrease) in cash and cash equivalents	4,493	(2,113)	81,075	(81,638)	
Cash and cash equivalents at beginning of period	20,877	22,990	748,039	829,677	
Cash and cash equivalents at ending of period	25,370	20,877	829,114	748,039	
<i>Non-cash transactions</i>					
Debt forgiveness to subsidiaries	4	3,658	-	119,547	
Offset between other payables and return to shareholder from the liquidation of a subsidiary	12	35,955	-	1,175,042	

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 2017

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 February 2018.

1 General information

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

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

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

Details of the Company’s subsidiaries, associates, and joint venture as at 31 December 2017 and 2016 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2017	31 December 2016
<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. ⁽²⁾	Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry	Thailand	-	100.0
Seascope Surveys Pte. Ltd., which has one subsidiary as follows:	”	Singapore	100.0	100.0
PT Seascope Surveys Indonesia ⁽¹⁾	”	Indonesia	49.0	49.0
Mermaid Offshore Services Pte. Ltd.	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	Singapore	100.0	100.0
Mermaid 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. ⁽³⁾	”	Singapore	-	95.0

Mermaid Maritime Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Name of the entities	Nature of business	Country of incorporation	Direct/indirect Holding (%)	
			31 December 2017	31 December 2016
Mermaid Drilling (Singapore) Pte. Ltd. ⁽⁵⁾	Production and exploration drilling services	Singapore	-	100.0
MTR - 3 (Singapore) Pte. Ltd. ⁽⁴⁾	”	Singapore	-	100.0
MTR - 4 (Singapore) Pte. Ltd. ⁽⁴⁾	”	Singapore	-	100.0
Mermaid MTN Pte. Ltd. ⁽³⁾	”	Singapore	-	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 ⁽⁶⁾	”	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
<i>Joint venture</i>				
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry	Saudi Arabia	40.00	40.00

- (1) Group interest is 95% after taking account of nominee holdings.
- (2) Seascope Surveys (Thailand) Ltd. was liquidated on 21 February 2017.
- (3) MTR-2 (Singapore) Pte. Ltd. and Mermaid MTN Pte. Ltd. were deregistered on 10 January 2017.
- (4) MTR-3 (Singapore) Pte. Ltd. and MTR-4 (Singapore) Pte. Ltd. were deregistered on 5 February 2018.
- (5) Mermaid Drilling (Singapore) Pte. Ltd. is in the process of deregistration.
- (6) Group interest is 100% after taking account of nominee holdings.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. 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.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(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 12, 14 and 15	Impairment test : Key assumptions underlying recoverable amounts ;
Note 18	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.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

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

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

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

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

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

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

- Note 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, as describe in subsidiaries section, other than those with entities under common control.

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

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

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

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

Acquisitions from entities under common control

Business 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.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign currency differences are generally recognised in profit or loss.

Group companies

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

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

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

(c) Cash and cash equivalents

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Restricted deposit

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

(d) Trade and other accounts receivable

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

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

(e) Supplies and spare parts

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

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

Buildings and building improvement	10 and 20 years
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No depreciation is provided on freehold land.

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

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

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

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

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

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

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

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

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

(i) *Intangible assets*

Goodwill

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

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

(j) *Impairment*

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

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

Calculation of recoverable amount

The recoverable amount of 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.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(m) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

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

(n) Share-based payments

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(o) Provisions

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

(p) Revenue

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

Rendering of services

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

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

Interest and dividend income

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

(q) Finance costs

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

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

(r) Lease payments

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

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(s) *Income tax*

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

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

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

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

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

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

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

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

(t) *Earnings per share*

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(u) Business segment reporting

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

4 Related parties

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

Relationships with related parties were as follows:

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

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

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

Mermaid Maritime Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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

<i>Year ended 31 December</i>	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Parent				
Rental income	53	43	1,797	1,518
Administrative expenses	56	84	1,895	2,963
Joint venture				
Rendering of services	69,764	76,766	2,364,513	2,710,313
Other related parties				
Administrative expenses	-	2	-	70
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	1,258	1,280	42,414	45,158
Post-employment benefits	2	1	68	35
Total key management personnel compensation	1,260	1,281	42,482	45,193
<i>Year ended 31 December</i>	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Parent				
Rental income	53	43	1,797	1,518
Administrative expenses	56	84	1,895	2,963
Subsidiaries				
Management fee income	360	195	11,861	7,221
Interest income	811	2,672	27,498	94,822
Rental income	224	268	7,598	9,470
Other income	1,667	66	55,694	2,329
Administrative expenses	80	46	2,780	1,621
Other related parties				
Administrative expenses	-	2	-	70
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	773	701	26,186	24,707
Post-employment benefits	2	1	68	35
Total key management personnel compensation	775	702	26,254	24,742

Mermaid Maritime Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Trade accounts receivable from related parties				
Joint venture	45,119	31,714	1,474,530	1,136,335
Total	45,119	31,714	1,474,530	1,136,335
Other receivables from related parties				
Parent	5	4	163	143
Total	5	4	163	143
Other payables to related parties				
Parent	6	4	196	143
Total	6	4	196	143
Separate financial statements				
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Other receivables from related parties				
Parent	5	4	163	143
Subsidiaries	59,731	59,488	1,952,063	2,131,497
Subsidiaries - transferred investments in associates under common control	82,227	74,997	2,687,252	2,687,195
	141,963	134,489	4,639,478	4,818,835
Less allowance for doubtful account	(1,359)	(5,956)	(44,413)	(213,408)
Net	140,604	128,533	4,595,065	4,605,427
(Reversal of) bad and doubtful debts expense for the year	(928)	44	(31,790)	1,550

Other receivable from transferred investment in associates under common control

On 26 September 2014, the Company agreed to transfer the investment in associates, Asia offshore Drilling Group, to a subsidiary, Mermaid International Ventures "MIV" at cost of US Dollar 97.6 million for consideration received of Baht 2,899.0 million or equivalent to US Dollar 90.2 million. As at 31 December 2017, the Company had outstanding amount due from MIV amounting to US Dollar 82.2 million or equivalent to Baht 2,687.3 million (2016: US Dollar 75.0 million or equivalent to Baht 2,687.2 million) as other receivables from related parties in the separated financial statement.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Debt forgiveness to subsidiaries

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

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Short-term loans to related party				
Subsidiaries	62	50,627	2,026	1,814,001
Total	62	50,627	2,026	1,814,001

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

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Subsidiaries				
At 1 January	50,627	130,008	1,814,001	4,691,807
Increases	16,062	-	524,921	-
Decreases	(16,000)	(82,000)	(522,894)	(2,938,117)
Transferred of short-term loans to related party to long-term loans to related party	(55,506)	-	(1,813,986)	-
Realised gains on exchange rates	-	2,211	-	79,221
Unrealised gains (losses) on exchange rates	4,879	408	166,565	14,281
Translation adjustments	-	-	(166,581)	(33,191)
At 31 December	62	50,627	2,026	1,814,001

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

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Long-term loans to related party				
Subsidiaries	55,506	-	1,813,986	-
Total	55,506	-	1,813,986	-

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Subsidiary				
At 1 January	-	-	-	-
Transferred of short-term loans to related party to long-term loans to related party	55,506	-	1,813,986	-
At 31 December	55,506	-	1,813,986	-

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

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Other payables to related parties				
Parent	6	4	196	143
Subsidiaries	1	35,362	33	1,267,046
Total	7	35,366	229	1,267,189

5 Cash and cash equivalents

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Cash on hand	65	87	2,124	3,117
Cash at bank	68,627	61,730	2,242,792	2,211,829
Total	68,692	61,817	2,244,916	2,214,946

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Cash on hand	1	1	33	36
Cash at bank	25,369	20,876	829,081	748,003
Total	25,370	20,877	829,114	748,039

6 Short-term deposit at financial institution

	Consolidated/Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Short-term deposit at financial institution	-	27,950	-	1,001,468
Total	-	27,950	-	1,001,468

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

7 Trade accounts receivable

	Note	Consolidated financial statements			
		2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Joint venture	4	45,119	31,714	1,474,530	1,136,335
Other parties		13,683	25,929	447,173	929,054
Retention receivables		1,592	4,695	52,028	168,225
Accrued income		2,338	3,500	76,407	125,408
Total		62,732	65,838	2,050,138	2,359,022
Less allowance for doubtful account		(585)	(585)	(19,118)	(20,961)
Net		62,147	65,253	2,031,020	2,338,061
Bad and doubtful debts expense for the year		-	397	-	13,911

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Within credit terms	20,632	26,696	674,272	956,536
Overdue:				
Less than 3 months	23,238	28,987	759,439	1,038,625
3-6 months	14,768	3,498	482,632	125,336
6-12 months	889	174	29,053	6,235
Over 12 months	1,613	1,788	52,714	64,065
	61,140	61,143	1,998,110	2,190,797
Less allowance for doubtful account	(585)	(585)	(19,118)	(20,961)
Net	60,555	60,558	1,978,992	2,169,836
Retention receivables	1,592	4,695	52,028	168,225
Total	62,147	65,253	2,031,020	2,338,061

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

	Note	Consolidated financial statements			
		2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Related party	4	5	4	163	143
Other party					
- Withholding taxes		4,395	4,737	143,633	169,730
- Input taxes awaiting invoice		1,932	5,517	63,139	197,678
- Prepaid expenses		1,555	1,736	50,819	62,202
- Advances for business expenses		1,015	735	33,171	26,336
- Other		135	2,748	4,412	98,462
Total		9,037	15,477	295,337	554,551

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Note	Separate financial statements			
		2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Related parties	4	140,604	128,533	4,595,065	4,605,427
Other parties					
- Prepaid expenses		43	42	1,405	1,505
- Withholding taxes		25	-	817	-
- Accrued interest income		21	146	686	5,231
- Others		21	9	687	323
Total		140,714	128,730	4,598,660	4,612,486

9 Deferred contract cost

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
At 1 January	1,695	3,734	60,733	134,755
Amortisation	(1,695)	(2,039)	(57,863)	(71,969)
Translation adjustments	-	-	(2,870)	(2,053)
At 31 December	-	1,695	-	60,733

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.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

10 Restricted deposit at financial institution

Consolidated financial statements

As at 31 December 2017, US Dollar 7.8 million or equivalent to Baht 255 million (2016: US Dollar 5.7 million or equivalent to Baht 203 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 2017, US Dollar 4.4 million or equivalent to Baht 143 million (2016: nil) restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

As at 31 December 2017, US Dollar 0.6 million or equivalent to Baht 20 million (2016: US Dollar 2.3 million or equivalent to Baht 83 million) restricted deposit at a financial institution was deposited by subsidiary to secure the performance guarantee from the financial institution.

Separate financial statements

As at 31 December 2017, US Dollar 4.4 million or equivalent to Baht 143 million (2016: nil) restricted deposit at a financial institution was deposited by the Company to secure the certain performance guarantee of a subsidiary.

11 Investment in associates and joint venture

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Associates				
At 1 January	84,359	73,721	3,022,642	2,660,488
Share of net profits of associates	4,568	10,638	155,084	376,258
Translation adjustments	-	-	(271,512)	(14,104)
At 31 December	88,927	84,359	2,906,214	3,022,642
Joint venture				
At 1 January	1,965	1,076	70,407	38,831
Share of net profits of joint venture	82	889	2,787	31,374
Translation adjustments	-	-	(6,296)	202
At 31 December	2,047	1,965	66,898	70,407
Total				
At 1 January	86,324	74,797	3,093,049	2,699,319
Share of net profits of associates and joint venture	4,650	11,527	157,871	407,632
Translation adjustments	-	-	(277,808)	(13,902)
At 31 December	90,974	86,324	2,973,112	3,093,049

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Joint venture				
At 1 January	213	213	7,632	7,687
Translation adjustments	-	-	(671)	(55)
At 31 December	213	213	6,961	7,632

During the year ended 31 December 2017, there were no acquisitions and disposals of investments in associates and joint venture.

Investment in associates

The ultimate parent company and its subsidiaries (outside Thoresen Thai Agencies Public Company Limited and its subsidiaries (“TTA Group”)) of the Group’s associates has began Chapter 11 restructuring proceedings in the US, and has entered into a debt restructuring agreement with the majority of its secured bank lenders. As part of the debt restructuring agreement, the Group’s associates have been granted temporary waiver and forbearance from any defaults which may have arisen under its bank credit facilities. All debts of the Group’s associates are secured by the operating assets of the Group’s associates, and are guaranteed by the ultimate parent company (outside TTA Group) of the Group’s associates.

Mermaid Maritime Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Investments in associates and joint venture as at 31 December 2017 and 2016 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	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Associates											
Group of AOD Companies ^(A)	Bermuda	33.76	33.76	USD 60 million	USD 60 million	97,582	97,582	88,927	84,359	-	-
						<u>97,582</u>	<u>97,582</u>	<u>88,927</u>	<u>84,359</u>	-	-
Joint venture											
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	2,047	1,965	-	-
						<u>213</u>	<u>213</u>	<u>2,047</u>	<u>1,965</u>	-	-
Total						<u>97,795</u>	<u>97,795</u>	<u>90,974</u>	<u>86,324</u>	-	-

Mermaid Maritime Public Company Limited and its Subsidiaries
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For the year ended 31 December 2017

	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Associates												
Group of AOD Companies ^(A)	Drilling services	Bermuda	33.76	33.76	USD 60 million	USD 60 million	3,189,068	3,496,431	2,906,214	3,022,642	-	-
							<u>3,189,068</u>	<u>3,496,431</u>	<u>2,906,214</u>	<u>3,022,642</u>	-	-
Joint venture												
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,961	7,632	66,898	70,407	-	-
							<u>6,961</u>	<u>7,632</u>	<u>66,898</u>	<u>70,407</u>	-	-
Total							<u>3,196,029</u>	<u>3,504,063</u>	<u>2,973,112</u>	<u>3,093,049</u>	-	-

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

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

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Associates

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

	Associates			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Revenue	52,612	77,115	2,022,667	2,726,227
Profit (loss) from continuing operations	13,531	31,530	459,376	1,116,810
Total comprehensive income (loss) (100%)	13,531	31,530	459,376	1,116,810
Group's share of total comprehensive income (loss) (% hold)	4,568	10,645	155,084	377,035
Current assets	49,217	42,741	1,608,456	1,531,440
Non-current assets	439,789	455,430	14,372,700	16,318,359
Current liabilities	(225,595)	(47,713)	(7,372,648)	(1,709,590)
Non-current liabilities	-	(200,579)	-	(7,186,886)
Net assets (100%)	263,411	249,879	8,608,508	8,953,323
Group's share of net assets (% hold)	88,927	84,359	2,906,214	3,022,642

Immaterial Joint venture

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

	Immaterial Joint venture			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Carrying amount of interest in immaterial joint venture	2,047	1,965	66,898	70,407
Group's share of:				
- Profit from continuing operations	82	889	2,787	31,374
- Total comprehensive income	82	889	2,787	31,374

Mermaid Maritime Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

12 Investments in subsidiaries

	Note	Separate financial statements			
		2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
At 1 January		192,319	122,177	6,890,924	4,409,197
Increase	4	3,658	70,142	119,547	2,450,000
Disposal		(98,658)	-	(3,224,232)	-
Reclassified from allowance for doubtful debts	4	(3,658)	-	(119,547)	-
Reversal of allowance for impairment loss on investment in subsidiaries		63,298	-	2,068,636	-
Translation adjustments		-	-	(605,767)	31,727
At 31 December		156,959	192,319	5,129,561	6,890,924

Except for the debt forgiveness as mentioned in Note 4, during the year ended 31 December 2017 there were no acquisitions of investments in subsidiaries.

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

On 4 April 2017, Mermaid Subsea Services (Thailand) Ltd. ("MSST"), a direct subsidiary of the Company, registered to decrease its share capital by Baht 3,250.0 million (equivalent to US Dollar 94.7 million) with the Department of Business Development ("DBD"). As a result, the share capital of MSST decreased from Baht 5,380.0 million (equivalent to US Dollar 153.5 million) to Baht 2,130.0 million (equivalent to US Dollar 58.8 million). MSST set-off its decrease in share capital against its accumulated losses on 4 April 2017.

During the year ended 31 December 2017, Mermaid Drilling (Singapore) Pte. Ltd. ("MDS"), MTR - 3 (Singapore) Pte. Ltd. ("M3S") and MTR - 4 (Singapore) Pte. Ltd. ("M4S"), direct subsidiaries of the Company, are in the process of deregistration. As a result, the Company recognized gain on derecognition of assets and liabilities of MDS of US Dollar 0.6 million in other income, and return to shareholder from the liquidation of MDS of US Dollar 36.0 million which offset to other payables.

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.

Mermaid Maritime Public Company Limited and its Subsidiaries
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Investments in subsidiaries as at 31 December 2017 and 2016 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		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Direct subsidiaries											
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 5,380 million	153,485	153,485	-	-	153,485	153,485	-	-	
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	14,074	14,074	(10,600)	(10,600)	3,474	3,474	-	-	
Mermaid Drilling (Singapore) Pte. Ltd.	-	USD 51 million	-	51,000	-	(15,640)	-	35,360	-	-	
MTR - 3 (Singapore) Pte. Ltd.	-	USD 22 million	-	22,000	-	(22,000)	-	-	-	-	
MTR - 4 (Singapore) Pte. Ltd.	-	USD 22 million	-	22,000	-	(22,000)	-	-	-	-	
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-	
Total			167,559	262,559	(10,600)	(70,240)	156,959	192,319	-	-	

Mermaid Maritime Public Company Limited and its Subsidiaries
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Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Indirect subsidiaries										
Seascope Surveys (Thailand) Ltd.	-	THB 34 million	-	840	-	(807)	-	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	-	-
Mermaid International Ventures	USD 100	USD 100	-	-	-	-	-	-	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	7,586	7,586	-	-	7,586	7,586	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Limited)	SAR 500 thousand	SAR 500 thousand	386	386	-	-	386	386	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	55	55	-	-	55	55	-	-
Total			57,688	58,528	(42,787)	(43,594)	14,901	14,934	-	-

Mermaid Maritime Public Company Limited and its Subsidiaries
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Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Direct subsidiaries										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 5,380 million	5,016,028	5,499,474	-	-	5,016,028	5,499,474	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	459,951	504,281	(346,418)	(379,805)	113,533	124,476	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	-	USD 51 million	-	1,827,366	-	(560,392)	-	1,266,974	-	-
MTR - 3 (Singapore) Pte. Ltd.	-	USD 22 million	-	788,275	-	(788,275)	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	-	USD 22 million	-	788,275	-	(788,275)	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	-	-	-	-	-	-
Total			5,475,979	9,407,671	(346,418)	(2,516,747)	5,129,561	6,890,924	-	-

Mermaid Maritime Public Company Limited and its Subsidiaries
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Name of subsidiary	Paid - up capital	Cost		Impairment		At cost - net		Dividend income	
		2017	2016	2017	2016	2017	2016		
Indirect subsidiaries									
Seascope Surveys (Thailand) Ltd.	-	THB 34 million	30,098	-	(28,915)	-	1,183	-	-
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	511,232	(335,404)	(367,730)	130,887	143,502	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	7,166	-	-	6,536	7,166	-	-
Mermaid Offshore Services Pte. Ltd.	USD 20,400 thousand	USD 20,400 thousand	730,946	(666,690)	(730,946)	-	-	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	224,121	(204,419)	(224,121)	-	-	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	298,613	(186,445)	(204,414)	85,918	94,199	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	5,876	(5,360)	(5,876)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	1,433	-	-	1,307	1,433	-	-
Mermaid International Ventures	USD 100	USD 100	3	-	-	3	3	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	247,917	-	-	247,917	271,812	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Limited)	SAR 500 thousand	SAR 500 thousand	13,831	-	-	12,615	13,831	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	1,971	-	-	1,797	1,971	-	-
Total			1,885,298	(1,398,318)	(1,562,002)	486,980	535,100	-	-

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

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13 Investment properties

	Consolidated financial statements			
	2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)	
Cost				
At 1 January	1,519	1,519	54,427	54,819
Translation adjustments	-	-	(4,785)	(392)
At 31 December	1,519	1,519	49,642	54,427
Depreciation				
At 1 January	(900)	(820)	(32,248)	(29,593)
Depreciation charge for the year	(78)	(80)	(2,648)	(2,858)
Translation adjustments	-	-	2,934	203
At 31 December	(978)	(900)	(31,962)	(32,248)
Net book value				
At 1 January	619	699	22,179	25,226
At 31 December	541	619	17,680	22,179
	Separate financial statements			
	2017	2016	2017	2016
	(in thousand US Dollar)		(in thousand Baht)	
Cost				
At 1 January	5,388	5,388	193,056	194,445
Translation adjustments	-	-	(16,971)	(1,389)
At 31 December	5,388	5,388	176,085	193,056
Depreciation				
At 1 January	(3,191)	(2,907)	(114,336)	(104,909)
Depreciation charge for the year	(283)	(284)	(9,603)	(10,025)
Translation adjustments	-	-	10,405	598
At 31 December	(3,474)	(3,191)	(113,534)	(114,336)
Net book value				
At 1 January	2,197	2,481	78,720	89,536
At 31 December	1,914	2,197	62,551	78,720

Fair value of investment properties were appraised based on valuation report by an independent professional valuers, at open market values on an existing use basis. The appraised value of investment properties was US Dollar 1.7 million or equivalent to Baht 54.8 million (2016: US Dollar 1.8 million or equivalent to Baht 62.9 million) and US Dollar 4.0 million or equivalent to Baht 132.1 million (2016: US Dollar 4.7 million or equivalent to Baht 167.0 million) in the consolidated and separate financial statements, respectively.

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

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Measurement of fair value

Fair value hierarchy

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

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

Valuation technique

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

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

Mermaid Maritime Public Company Limited and its Subsidiaries
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14 Property, plant and equipment

	Consolidated financial statements										Total	
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress		
	<i>(in thousand US Dollar)</i>											
Cost												
At 1 January 2016	590	3,240	1,342	110,140	3,227	1,489	336,068	42,604	1,177	75,013	574,890	
Additions	-	-	910	2,779	220	403	-	-	130	460	4,902	
Transfers	-	-	-	1,817	11	-	-	-	1,562	(3,390)	-	
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(5)	(5)	
Disposals	-	-	-	(122)	(202)	(182)	-	-	-	(19)	(525)	
Write off	-	-	-	(46)	(17)	-	-	-	-	(70,418)	(70,481)	
At 31 December 2016 and 1 January 2017	590	3,240	2,252	114,568	3,239	1,710	336,068	42,604	2,869	1,641	508,781	
Additions	-	-	-	522	251	248	-	7	4	2,974	4,006	
Transfers	-	-	-	1,361	2	-	-	-	-	(1,363)	-	
Disposals	-	-	-	(121)	(13)	(39)	-	-	-	-	(173)	
Write off	-	-	(23)	(3)	-	-	-	-	-	(31)	(57)	
At 31 December 2017	590	3,240	2,229	116,327	3,479	1,919	336,068	42,611	2,873	3,221	512,557	

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Offshore support vessels, and tender rigs

	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Dry-docking	Motor launches	Construction in progress	Total
<i>Depreciation</i>										
At 1 January 2016	-	(2,051)	(980)	(55,934)	(2,670)	(951)	(21,290)	(611)	-	(204,100)
Depreciation charge for the year	-	(195)	(138)	(6,270)	(311)	(202)	(4,065)	(237)	-	(20,822)
Disposals	-	-	-	122	201	168	-	-	-	491
Write off	-	-	-	39	9	-	-	-	-	48
At 31 December 2016 and 1 January 2017	-	(2,246)	(1,118)	(62,043)	(2,771)	(985)	(25,355)	(848)	-	(224,383)
Depreciation charge for the year	-	(195)	(287)	(5,858)	(291)	(218)	(3,641)	(324)	-	(19,262)
Disposals	-	-	-	117	7	39	-	-	-	163
Write off	-	-	3	-	-	-	-	-	-	3
At 31 December 2017	-	(2,441)	(1,402)	(67,784)	(3,055)	(1,164)	(28,996)	(1,172)	-	(243,479)

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Offshore

support
vessels,
and tender
rigs

Building
improve-
ment

Buildings

Land

Tools and
equipment

Office
equipment

Motor
vehicles

Dry-
docking

Motor
launches

Construction
in progress

Total

<i>Impairment losses</i>																					
At 1 January 2016	-	-	-	(24,183)	-	-	-	(51,913)	(8,590)	-	(71,842)	(156,528)									
Impairment losses	-	-	-	-	-	-	-	(56)	(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)									
and 1 January 2017	-	-	-	(24,133)	-	-	-	(51,913)	(8,646)	-	(1,514)	(86,206)									
At 31 December 2017	-	-	-	(24,133)	-	-	-	(51,913)	(8,646)	-	(1,514)	(86,206)									
<i>Net book value</i>																					
At 1 January 2016	590	1,189	362	30,023	557	538	164,542	12,724	566	3,171	214,262										
At 31 December 2016	590	994	1,134	28,392	468	725	155,138	8,603	2,021	127	198,192										
and 1 January 2017	590	799	827	24,410	424	755	146,690	4,969	1,701	1,707	182,872										
At 31 December 2017	590	799	827	24,410	424	755	146,690	4,969	1,701	1,707	182,872										

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For the year ended 31 December 2017

	Consolidated financial statements										Total	
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress		
<i>Cost</i>												
At 1 January 2016	21,292	116,927	48,431	3,974,798	116,458	53,736	12,128,224	1,537,519	42,476	2,707,114	20,746,975	
Additions	-	-	32,606	99,574	7,883	14,440	-	-	4,658	16,482	175,643	
Transfers	-	-	-	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)	
At 31 December 2016 and 1 January 2017	21,140	116,091	80,691	4,105,052	116,056	61,270	12,041,552	1,526,531	102,798	58,798	18,229,979	
Additions	-	-	-	17,060	8,203	8,105	-	229	131	97,193	130,921	
Transfers	-	-	-	44,479	65	-	-	-	-	(44,544)	-	
Disposals	-	-	-	(3,954)	(425)	(1,275)	-	-	-	-	(5,654)	
Write off	-	-	(752)	(98)	-	-	-	-	-	(1,013)	(1,863)	
Translation adjustments	(1,858)	(10,205)	(7,093)	(360,868)	(10,202)	(5,385)	(1,058,547)	(134,194)	(9,037)	(5,169)	(1,602,558)	
At 31 December 2017	19,282	105,886	72,846	3,801,671	113,697	62,715	10,983,005	1,392,566	93,892	105,265	16,750,825	

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	Consolidated financial statements							Total			
	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles <i>(in thousand Baht)</i>	Offshore support vessels, and tender rigs		Dry-docking	Motor launches	Construction in progress
Depreciation											
At 1 January 2016	-	(74,018)	(35,367)	(2,018,580)	(96,357)	(34,320)	(4,316,666)	(768,326)	(22,050)	-	(7,365,684)
Depreciation charge for the year	-	(6,883)	(4,869)	(221,333)	(10,937)	(7,131)	(331,848)	(143,479)	(8,365)	-	(734,845)
Disposals	-	-	-	4,371	7,202	6,020	-	-	-	-	17,593
Write off	-	-	-	1,397	322	-	-	-	-	-	1,719
Translation adjustments	-	425	177	11,101	482	138	25,745	3,318	31	-	41,417
At 31 December 2016 and 1 January 2017	-	(80,476)	(40,059)	(2,223,044)	(99,288)	(35,293)	(4,622,769)	(908,487)	(30,384)	-	(8,039,800)
Depreciation charge for the year	-	(6,615)	(9,741)	(198,812)	(9,880)	(7,394)	(287,181)	(123,844)	(10,995)	-	(654,462)
Disposals	-	-	-	3,824	229	1,275	-	-	-	-	5,328
Write off	-	-	98	-	-	-	-	-	-	-	98
Translation adjustments	-	7,317	3,883	202,790	9,099	3,371	417,470	84,716	3,077	-	731,723
At 31 December 2017	-	(79,774)	(45,819)	(2,215,242)	(99,840)	(38,041)	(4,492,480)	(947,615)	(38,302)	-	(7,957,113)

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	Land	Buildings	Building improvement	Tools and equipment	Office equipment	Motor vehicles (in thousand Baht)	Offshore support vessels, and tender rigs	Dry-docking	Motor launches	Construction in progress	Total
Impairment losses											
At 1 January 2016	-	-	-	(872,731)	-	-	(1,873,467)	(310,001)	-	(2,592,676)	(5,648,875)
Impairment losses	-	-	-	-	-	-	-	(1,982)	-	-	(1,982)
Write off	-	-	-	-	-	-	-	-	-	2,489,063	2,489,063
Reversal of impairment											
Losses	-	-	-	1,783	-	-	-	-	-	-	1,783
Translation adjustments	-	-	-	6,246	-	-	13,388	2,191	-	49,364	71,189
At 31 December 2016 and 1 January 2017	-	-	-	(864,702)	-	-	(1,860,079)	(309,792)	-	(54,249)	(3,088,822)
Translation adjustments	-	-	-	76,014	-	-	163,515	27,233	-	4,770	271,532
At 31 December 2017	-	-	-	(788,688)	-	-	(1,696,564)	(282,559)	-	(49,479)	(2,817,290)
Net book value											
At 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 and 1 January 2017	21,140	35,615	40,632	1,017,306	16,768	25,977	5,558,704	308,252	72,414	4,549	7,101,357
At 31 December 2017	19,282	26,112	27,027	797,741	13,857	24,674	4,793,961	162,392	55,590	55,786	5,976,422

Security

As at 31 December 2017, the Group's property, plant and equipment with a net book value of US Dollar 126.8 million (2016: US Dollar 136.2 million) were registered to secure short-term and long-term facilities with financial institutions.

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Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand US Dollar)	Office equipment	Motor vehicles	Total
Cost							
At 1 January 2016	-	120	447	73	1,856	87	2,583
Additions	-	-	-	-	11	-	11
Disposals	-	-	-	-	(143)	(48)	(191)
At 31 December 2016 and 1 January 2017	-	120	447	73	1,724	39	2,403
Additions	-	-	-	4	119	-	123
At 31 December 2017	-	120	447	77	1,843	39	2,526
Depreciation							
At 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 and 1 January 2017	-	(69)	(443)	(56)	(1,654)	(39)	(2,261)
Depreciation charge for the year	-	(6)	-	(12)	(43)	-	(61)
At 31 December 2017	-	(75)	(443)	(68)	(1,697)	(39)	(2,322)
Net book value							
At 1 January 2016	-	57	4	29	115	-	205
At 31 December 2016 and 1 January 2017	-	51	4	17	70	-	142
At 31 December 2017	-	45	4	9	146	-	204

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Separate financial statements

	Land	Buildings	Building improvement	Tools and equipment (in thousand Baht)	Office equipment	Motor vehicles	Total
Cost							
At 1 January 2016	-	4,331	16,132	2,634	66,980	3,140	93,217
Additions	-	-	-	-	394	-	394
Disposals	-	-	-	-	(5,124)	(1,720)	(6,844)
Translation adjustments	-	(31)	(116)	(18)	(478)	(23)	(666)
At 31 December 2016 and 1 January 2017	-	4,300	16,016	2,616	61,772	1,397	86,101
Additions	-	-	-	131	3,889	-	4,020
Translation adjustments	-	(378)	(1,408)	(231)	(5,430)	(122)	(7,569)
At 31 December 2017	-	3,922	14,608	2,516	60,231	1,275	82,552
Depreciation							
At 1 January 2016	-	(2,274)	(15,987)	(1,588)	(62,830)	(3,140)	(85,819)
Depreciation charge for the year	-	(211)	-	(424)	(2,013)	-	(2,612)
Disposals	-	-	-	-	5,047	1,694	6,741
Translation adjustments	-	13	114	5	532	49	677
At 31 December 2016 and 1 January 2017	-	(2,472)	(15,873)	(2,007)	(59,264)	(1,397)	(81,013)
Depreciation charge for the year	-	(204)	-	(407)	(1,451)	-	(2,062)
Translation adjustments	-	225	1,395	192	5,256	122	7,190
At 31 December 2017	-	(2,451)	(14,478)	(2,222)	(55,459)	(1,275)	(75,885)
Net book value							
At 1 January 2016	-	2,057	145	1,046	4,150	-	7,398
At 31 December 2016 and 1 January 2017	-	1,828	143	609	2,508	-	5,088
At 31 December 2017	-	1,471	130	294	4,772	-	6,667

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15 Goodwill

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Cost				
At 1 January	10,136	10,136	363,180	365,794
Translation adjustments	-	-	(31,926)	(2,614)
At 31 December	10,136	10,136	331,254	363,180
Impairment loss				
At 1 January	(8,070)	(8,070)	(289,154)	(291,235)
Translation adjustments	-	-	25,419	2,081
At 31 December	(8,070)	(8,070)	(263,735)	(289,154)
Net book value				
At 1 January	2,066	2,066	74,026	74,559
At 31 December	2,066	2,066	67,519	74,026

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

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

Seascope CGU

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Cost				
At 1 January	8,070	8,070	289,154	291,235
Translation adjustments	-	-	(25,419)	(2,081)
At 31 December	8,070	8,070	263,735	289,154
Impairment loss				
At 1 January	(8,070)	(8,070)	(289,154)	(291,235)
Translation adjustments	-	-	25,419	2,081
At 31 December	(8,070)	(8,070)	(263,735)	(289,154)
Net book value				
At 1 January	-	-	-	-
At 31 December	-	-	-	-

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

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

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Cost				
At 1 January	2,066	2,066	74,026	74,559
Translation adjustments	-	-	(6,507)	(533)
At 31 December	2,066	2,066	67,519	74,026
Impairment loss				
At 1 January	-	-	-	-
Translation adjustments	-	-	-	-
At 31 December	-	-	-	-
Net book value				
At 1 January	2,066	2,066	74,026	74,559
At 31 December	2,066	2,066	67,519	74,026

The recoverable amount of MSSI CGU estimated using the value in use method was greater than the total carrying amount of MSSI CGU and the goodwill allocated to it. As a result, goodwill allocated to MSSI CGU was not impaired as at 31 December 2017 and 2016. The cash flows were projected over a period of 5 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:

	Consolidated financial statements	
	2017	2016
	(%)	
Discount rate	10.75	10.75
Terminal value growth rate	0	0

16 Intangible assets

	Consolidated financial statements	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Computer software		
Cost		
At 1 January 2016	2,332	84,159
Additions	65	2,329
Transfer	5	179
Write off	(1)	(36)
Translation adjustments	-	(601)
At 31 December 2016 and 1 January 2017	2,401	86,030
Additions	26	849
Translation adjustments	-	(7,562)
At 31 December 2017	2,427	79,317

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	Consolidated financial statements	
	Computer software	
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Amortisation		
At 1 January 2016	(2,031)	(73,296)
Amortisation for the year	(141)	(4,979)
Translation adjustments	-	450
At 31 December 2016 and 1 January 2017	(2,172)	(77,825)
Amortisation for the year	(133)	(4,518)
Translation adjustments	-	7,013
At 31 December 2017	(2,305)	(75,330)
Net book value		
At 1 January 2016	301	10,863
At 31 December 2016 and 1 January 2017	229	8,205
At 31 December 2017	122	3,987
Separate financial statements		
Computer software		
	<i>(in thousand US Dollar)</i>	<i>(in thousand Baht)</i>
Cost		
At 1 January 2016	450	16,239
Addition	28	1,003
Translation adjustments	-	(115)
At 31 December 2016 and 1 January 2017	478	17,127
Translation adjustments	-	(1,506)
At 31 December 2017	478	15,621
Amortisation		
At 1 January 2016	(377)	(13,605)
Amortisation for the year	(30)	(1,059)
Translation adjustments	-	81
At 31 December 2016 and 1 January 2017	(407)	(14,583)
Amortisation for the year	(29)	(986)
Translation adjustments	-	1,321
At 31 December 2017	(436)	(14,248)
Net book value		
At 1 January 2016	73	2,634
At 31 December 2016 and 1 January 2017	71	2,544
At 31 December 2017	42	1,373

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

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17 Advance payment for investment

On 19 December 2017, the Company had entered into a share sale and purchase agreement (“SPA”) with a third party for the purchase of 49% of the total issued shares in PTGC Co., Ltd., a company incorporated in Cambodia. Total purchase price per SPA agreement is US Dollar 19.7 million. As at 31 December 2017, the Company paid an advance payment for investment US Dollar 17.3 million. The remaining of purchase price will be paid once both parties complete the conditions as specified in the agreement.

18 Deferred tax

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
Total	2,470	2,448	-	-
Net deferred tax assets	<u>2,470</u>	<u>2,448</u>	<u>-</u>	<u>-</u>

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	80,722	87,714	-	-
Net deferred tax assets	<u>80,722</u>	<u>87,714</u>	<u>-</u>	<u>-</u>

	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
Total	17	11	-	-
Net deferred tax assets	<u>17</u>	<u>11</u>	<u>-</u>	<u>-</u>

	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	556	394	-	-
Net deferred tax assets	<u>556</u>	<u>394</u>	<u>-</u>	<u>-</u>

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

	Consolidated financial statements			At 31 December 2017
	(Charged) / Credited to :			
	At 1 January 2017	Profit or loss <i>(note 29)</i> <i>(in thousand US Dollar)</i>	Other comprehensive income	
Deferred tax assets				
Property, plant and equipment	179	128	-	307
Provisions	506	(161)	-	345
Retirement benefits obligation	269	14	41	324
Loss carry forward	1,494	-	-	1,494
Total	2,448	(19)	41	2,470

	Consolidated financial statements				At 31 December 2017
	(Charged) / Credited to :				
	At 1 January 2017	Profit or loss	Other comprehensive income <i>(note 29)</i> <i>(in thousand Baht)</i>	Translation adjustments	
Deferred tax assets					
Property, plant and equipment	6,414	4,352	-	(733)	10,033
Provisions	18,130	(5,305)	-	(1,550)	11,275
Retirement benefits obligation	9,639	568	1,340	(958)	10,589
Loss carry forward	53,531	-	-	(4,706)	48,825
Total	87,714	(385)	1,340	(7,947)	80,722

	Consolidated financial statements			At 31 December 2016
	(Charged) / Credited to :			
	At 1 January 2016	Profit or loss <i>(note 29)</i> <i>(in thousand US Dollar)</i>	Other comprehensive income	
Deferred tax assets				
Property, plant and equipment	179	-	-	179
Provisions	649	(143)	-	506
Retirement benefits obligation	326	(64)	7	269
Loss carry forward	1,494	-	-	1,494
Total	2,648	(207)	7	2,448

Deferred tax liabilities				
Property, plant and equipment	(2,212)	2,212	-	-
Share of net profits of equity- accounted associates	(754)	754	-	-
Total	(2,966)	2,966	-	-
Net	(318)	2,759	7	2,448

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	Consolidated financial statements (Charged) / Credited to :				At 31 December 2016
	At 1 January 2016	Profit or loss	Other comprehensive income (note 29) (in thousand Baht)	Translation adjustments	
Deferred tax assets					
Property, plant and equipment	6,460	-	-	(46)	6,414
Provisions	23,422	(5,100)	-	(192)	18,130
Retirement benefits obligation	11,765	(2,269)	251	(108)	9,639
Loss carry forward	53,916	-	-	(385)	53,531
Total	95,563	(7,369)	251	(731)	87,714
Deferred tax liabilities					
Property, plant and equipment	(79,828)	78,353	-	1,475	-
Share of net profits of equity- accounted associates	(27,211)	26,893	-	318	-
Total	(107,039)	105,246	-	1,793	-
Net	(11,476)	97,877	251	1,062	87,714

	Separate financial statements (Charged) / Credited to :			At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income (note 29) (in thousand US Dollar)	
Deferred tax assets				
Retirement benefits obligation	11	6	-	17
Total	11	6	-	17

	Separate financial statements (Charged) / Credited to :				At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income (note 29) (in thousand Baht)	Translation adjustments	
Deferred tax assets					
Retirement benefits obligation	394	198	-	(36)	556
Total	394	198	-	(36)	556

	Separate financial statements (Charged) / Credited to :			At 31 December 2016
	At 1 January 2016	Profit or loss	Other comprehensive income (note 29) (in thousand US Dollar)	
Deferred tax assets				
Retirement benefits obligation	26	(9)	(6)	11
Total	26	(9)	(6)	11

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	Separate financial statements				At 31 December 2016
	At 1 January 2016	Profit or loss	Other comprehensive income (note 29) (in thousand Baht)	Translation adjustments	
(Charged) / Credited to :					
<i>Deferred tax assets</i>					
Retirement benefits obligation	938	(322)	(215)	(7)	394
Total	938	(322)	(215)	(7)	394

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Tax losses	11,435	9,941	376,760	350,882
Impairment losses on property, plant and equipment and related supplies and spare parts	17,240	16,928	568,025	597,498
Impairment losses on goodwill	1,614	1,614	53,178	56,968
Bad and doubtful debts	9	9	297	318
Total	30,298	28,492	998,260	1,005,666

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Impairment losses on investments in subsidiaries	2,120	14,048	69,850	495,844
Tax losses	972	-	32,025	-
Bad and doubtful debts	272	1,191	8,962	42,038
Total	3,364	15,239	110,837	537,882

As at 31 December 2017, 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)
2018	6,893	227,110
2019	1,019	33,573
2020	8,781	289,316
2021	4,210	138,712
2022	11,754	387,270
2023	24,523	807,985
	57,180	1,883,966

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19 Interest-bearing liabilities

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Current				
Current portion of long-term borrowings from financial institutions				
Secured	11,890	9,890	388,576	354,366
Current portion of long-term borrowings from financial institutions	11,890	9,890	388,576	354,366
Current portion of finance lease liabilities	47	11	1,536	394
Total current interest-bearing liabilities	11,937	9,901	390,112	354,760
Non-current				
Long-term borrowings from financial institutions				
Secured	67,725	79,615	2,213,314	2,852,661
Long-term borrowings from financial institutions	67,725	79,615	2,213,314	2,852,661
Finance lease liabilities	92	1	3,007	36
Total non-current interest-bearing liabilities	67,817	79,616	2,216,321	2,852,697

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Within one year	11,890	9,890	388,576	354,366
After one year but within five years	67,725	79,615	2,213,314	2,852,661
Total	79,615	89,505	2,601,890	3,207,027

The Group's long-term borrowings from financial institutions bear effective interest rates of 4.44% per annum (2016: 3.75% per annum).

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
At 1 January	-	3,613	-	130,388
Decrease	-	(3,613)	-	(129,456)
Translation adjustments	-	-	-	(932)
At 31 December	-	-	-	-

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As at 31 December 2017, the Group and the Company had unutilised credit facilities totalling US Dollar 3.5 million or equivalent to Baht 115.0 million and US Dollar 0.3 million or equivalent to Baht 10.0 million, respectively (2016: US Dollar 7.5 million or equivalent to Baht 245.0 million and US Dollar 1.1 million or equivalent to Baht 35.0 million, respectively).

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016 (in thousand US Dollar)	2017 (in thousand Baht)	2016 (in thousand Baht)
At 1 January	89,505	103,770	3,207,027	3,744,914
Repayments during year	(10,000)	(14,375)	(326,809)	(515,066)
Amortisation to profit and loss (front end fee)	110	110	3,734	3,884
Translation adjustments	-	-	(282,062)	(26,705)
At 31 December	79,615	89,505	2,601,890	3,207,027

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016 (in thousand US Dollar)	2017 (in thousand Baht)	2016 (in thousand Baht)
Currencies:				
US Dollar	79,615	89,505	2,601,890	3,207,027
Total	79,615	89,505	2,601,890	3,207,027

Long-term borrowings for the purchase of support vessels were granted by commercial banks and were denominated in US Dollar, having a total outstanding balance of US Dollar 80.0 million as at 31 December 2017 (2016: US Dollar 90.0 million) with repayment terms within 8 to 10 years. These borrowings bear interest at the rate of USD-LIBOR plus a certain margin, are secured by mortgages of support vessels as mentioned in Note 14 and are guaranteed by the Company.

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

Finance lease liabilities

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

	Consolidated financial statements					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand US Dollar)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	55	(8)	47	14	(3)	11
After one year but within five years	107	(15)	92	1	-	1
Total	162	(23)	139	15	(3)	12

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	Consolidated financial statements					
	2017		2016			
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,797	(261)	1,536	501	(107)	394
After one year but within five years	3,497	(490)	3,007	36	-	36
Total	5,294	(751)	4,543	537	(107)	430

Measurement of fair value

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

The fair value measurement for loans from financial institutions as at 31 December 2017 of US Dollar 73.26 million or equivalent to Baht 2,394.06 million (*2016: US Dollar 88.40 million or equivalent to Baht 3,167.30 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.

20 Other payables

	Note	Consolidated financial statements			
		2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Related party	4	6	4	196	143
Other party					
- Accrued project cost		9,887	12,783	323,116	458,024
- Accrued salary		2,310	3,067	75,493	109,893
- Withholding tax payables		2,306	2,949	75,362	105,665
- Accrued consulting fee		1,686	3,354	55,100	120,176
- Non-trade accounts payable		1,594	726	52,093	26,013
- Deferred mobilisation revenue		1,168	-	38,171	-
- Accrued bonus		838	1,016	27,387	36,404
- Accrued operating expenses		525	2,121	17,157	75,997
- Provision for non-refundable tax		-	6,694	-	239,851
- Others		1,759	2,922	57,486	104,696
Total		22,079	35,636	721,561	1,276,862

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	Note	Separate financial statements			
		2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Related parties	4	7	35,366	229	1,267,189
Other parties					
- Accrued bonus		123	121	4,020	4,336
- Others		456	845	14,903	30,275
Total		586	36,332	19,152	1,301,800

21 Provisions for employee benefits

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Statement of financial position obligations for:				
Post-employment benefits				
Retirement benefit	2,244	2,687	73,336	96,277
Total	2,244	2,687	73,336	96,277
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Retirement benefit	339	186	11,762	6,525
Total	339	186	11,762	6,525
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	(164)	(13)	(5,393)	(466)
Translation adjustment	-	-	(1,214)	(791)
Cumulative actuarial gain recognised	232	396	7,582	14,189

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Statement of financial position obligations for:				
Post-employment benefits				
Retirement benefit	87	73	2,843	2,616
Total	87	73	2,843	2,616
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Retirement benefit	14	8	474	282
Total	14	8	474	282

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	Separate financial statements			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Recognised in other comprehensive income:				
Actuarial gains recognised in the year	-	38	-	1,362
Translation adjustment	-	-	(78)	-
Cumulative actuarial gain recognised	<u>132</u>	<u>132</u>	<u>4,314</u>	<u>4,392</u>

Thailand legal severance plan

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

Retirement benefit

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Present value of unfunded obligations	2,476	3,083	80,918	110,466
Actuarial gains	(232)	(396)	(7,582)	(14,189)
Statement of financial position obligation	<u>2,244</u>	<u>2,687</u>	<u>73,336</u>	<u>96,277</u>

	Separate financial statements			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Present value of unfunded obligations	219	205	7,157	7,008
Actuarial gains	(132)	(132)	(4,314)	(4,392)
Statement of financial position obligation	<u>87</u>	<u>73</u>	<u>2,843</u>	<u>2,616</u>

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Movement in the present value of the defined benefit obligations:

	Consolidated financial statements			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	2,687	2,997	96,277	108,158
Include in profit or loss:				
Current service costs	671	857	22,838	30,291
Interest on obligation	106	83	3,543	2,926
Past service costs	79	(211)	2,582	(7,468)
Curtailment gain	(517)	(543)	(17,201)	(19,224)
	<u>339</u>	<u>186</u>	<u>11,762</u>	<u>6,525</u>
Include in other comprehensive income:				
Actuarial losses	164	13	5,393	466
Others:				
Benefits paid	(946)	(509)	(32,086)	(18,030)
Translation adjustments	-	-	(8,010)	(842)
	<u>(782)</u>	<u>(496)</u>	<u>(34,703)</u>	<u>(18,406)</u>
Defined benefit obligations at 31 December	<u>2,244</u>	<u>2,687</u>	<u>73,336</u>	<u>96,277</u>
	Separate financial statements			
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	73	103	2,616	3,717
Include in profit or loss:				
Current service costs	12	15	407	529
Interest on obligation	2	3	67	106
Curtailment gain	-	(10)	-	(353)
	<u>14</u>	<u>8</u>	<u>474</u>	<u>282</u>
Include in other comprehensive income:				
Actuarial gains	-	(38)	-	(1,362)
Others:				
Translation adjustments	-	-	(247)	(21)
	<u>-</u>	<u>(38)</u>	<u>(247)</u>	<u>(1,383)</u>
Defined benefit obligations at 31 December	<u>87</u>	<u>73</u>	<u>2,843</u>	<u>2,616</u>

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

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Demographic assumptions	-	(11)	-	(394)
Financial assumptions	(84)	(11)	(2,762)	(394)
Experience adjustment	(80)	9	(2,631)	322
Total	(164)	(13)	(5,393)	(466)

	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Demographic assumptions	-	(4)	-	(143)
Financial assumptions	-	(4)	-	(143)
Experience adjustment	-	46	-	1,648
Total	-	38	-	1,362

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	3.31 – 7.70	3.31 – 8.70	3.31	3.31
Future salary increases	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00	4.00 – 8.00
Mortality rate	0.02 – 3.00	0.02 – 3.00	0.02 – 3.00	0.02 – 3.00
Resignation rate	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00	0.00 – 20.00

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			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Defined benefit obligation				
31 December				
Discount rate (1% movement)				
- Increase	(106)	(77)	(3,464)	(2,759)
- Decrease	127	93	4,150	3,332
Future salary increase (1% movement)				
- Increase	132	88	4,314	3,153
- Decrease	(113)	(75)	(3,693)	(2,687)
Turnover rate (20% movement)				
- Increase	(46)	(34)	(1,503)	(1,218)
- Decrease	62	46	2,026	1,648
Mortality improvement rate (1% movement)				
- Increase	2	1	65	36
- Decrease	(2)	(2)	(65)	(72)

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	Separate financial statements			
	2017	2016	2017	2016
Defined benefit obligation				
31 December	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Discount rate (1% movement)				
- Increase	(10)	(8)	(327)	(287)
- Decrease	12	9	392	322
Future salary increase (1% movement)				
- Increase	12	9	392	322
- Decrease	(10)	(8)	(327)	(287)
Turnover rate (20% movement)				
- Increase	(16)	(12)	(523)	(430)
- Decrease	23	17	752	609
Mortality improvement rate (1% movement)				
- Increase	1	-	33	-
- Decrease	(1)	(1)	(33)	(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.

22 Share capital

	Par value per share <i>(in Baht)</i>	Consolidated and Separate financial statements	
		2017	2016
Authorised		<i>(in thousand Baht/thousand shares)</i>	
At 1 January			
- ordinary shares	1	1,416,701	1,416,701
At 31 December			
- ordinary shares	1	<u>1,416,701</u>	<u>1,416,701</u>
Issued and paid			
At 1 January			
- ordinary shares	1	1,413,329	1,413,329
At 31 December			
- ordinary shares	1	<u>1,413,329</u>	<u>1,413,329</u>

Share premium

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

	Note	Consolidated and Separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
At 1 January		12,271,678	13,558,613
Compensation for deficit	35	-	(1,286,935)
At 31 December		<u>12,271,678</u>	<u>12,271,678</u>

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23 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Difference arising from common control transactions

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

Other components of equity

Currency translation differences

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

Movements in reserves

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

24 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

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Revenue and results, based on business segments, in the consolidated financial statements for the year ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements for the year ended 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Revenues from services	144,661	-	-	144,661	-	144,661
Operating profit (loss)	(963)	(375)	6,069	4,731	(1,538)	3,193
Share of profit of associates and joint venture	82	-	4,568	4,650	-	4,650
Finance costs	(3,589)	-	-	(3,589)	6	(3,583)
Tax (expense) income	(62)	-	6	(56)	-	(56)
Profit (loss) for the year	(4,532)	(375)	10,643	5,736	(1,532)	4,204

	Consolidated financial statements as at 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Cash and cash equivalents	41,793	1,144	25,755	68,692	-	68,692
Trade accounts receivable	62,147	-	-	62,147	-	62,147
Investments in associates and joint venture	2,047	-	88,927	90,974	-	90,974
Property, plant and equipment	179,284	2,011	1,577	182,872	-	182,872
Unallocated assets	285,271	3,155	116,259	404,685	-	404,685
Total assets						46,443
						451,128

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

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	Consolidated financial statements for the year ended 31 December 2016					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>	Elimination	Group
Revenues from services	185,249	-	-	185,249	-	185,249
Operating profit (loss)	7,064	(545)	48	6,567	(216)	6,351
Share of profit of associates and joint venture	889	-	10,638	11,527	-	11,527
Finance costs	(3,560)	-	(134)	(3,694)	217	(3,477)
Tax income	161	1,977	687	2,825	-	2,825
Profit for the year	4,554	1,432	11,239	17,225	1	17,226

	Consolidated financial statements as at 31 December 2016					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total <i>(in thousand US Dollar)</i>	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	300,684	3,542	135,310	439,536	-	439,536
Total assets						32,549
						472,085

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	Consolidated financial statements as at 31 December 2016				
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total Elimination	Group
Interest-bearing liabilities	89,517	-	-	89,517	89,517
Unallocated liabilities	89,517	-	-	89,517	89,517
Total liabilities					44,321
Capital expenditure	4,826	47	38	4,911	4,911
Depreciation	20,530	15	357	20,902	20,902
Amortisation	2,149	1	30	2,180	2,180
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	33	(54)	11	(10)	(10)
Impairment losses on assets	6	-	-	6	6

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	Consolidated financial statements for the year ended 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Revenues from services	4,918,910	-	-	4,918,910	-	4,918,910
Operating profit (loss)	(32,377)	(13,014)	207,160	161,769	(52,155)	109,614
Share of profit of associates and joint venture	2,787	-	155,084	157,871	-	157,871
Finance costs	(121,755)	-	-	(121,755)	198	(121,557)
Tax (expense) income	(2,016)	-	198	(1,818)	-	(1,818)
Profit (loss) for the year	(153,361)	(13,014)	362,442	196,067	(51,957)	144,110

	Consolidated financial statements as at 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Cash and cash equivalents	1,365,832	37,387	841,697	2,244,916	-	2,244,916
Trade accounts receivable	2,031,020	-	-	2,031,020	-	2,031,020
Investments in associates and joint venture	66,898	-	2,906,214	2,973,112	-	2,973,112
Property, plant and equipment	5,859,163	65,721	51,538	5,976,422	-	5,976,422
Unallocated assets	9,322,913	103,108	3,799,449	13,225,470	-	13,225,470
Total assets						1,517,800
						14,743,270

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Consolidated financial statements as at 31 December 2017					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Interest-bearing liabilities	2,606,433	-	-	2,606,433	-	2,606,433
Unallocated liabilities	2,606,433	-	-	2,606,433	-	2,606,433
Total liabilities						953,955
Capital expenditure	127,750	-	4,020	131,770	-	131,770
Depreciation	645,174	272	11,664	657,110	-	657,110
Amortisation	61,394	34	953	62,381	-	62,381
Gain on disposal property, plant and equipment	244	-	-	244	-	244

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For the year ended 31 December 2017

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

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For the year ended 31 December 2017

	Consolidated financial statements as at 31 December 2016					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Interest-bearing liabilities	3,207,457	-	-	3,207,457	-	3,207,457
Unallocated liabilities	<u>3,207,457</u>	-	-	<u>3,207,457</u>	-	<u>3,207,457</u>
Total liabilities						<u>1,588,051</u>
						<u>4,795,508</u>
Capital expenditure	172,919	1,684	1,361	175,964	-	175,964
Depreciation	724,572	529	12,602	737,703	-	737,703
Amortisation	75,855	34	1,059	76,948	-	76,948
Gain (loss) on disposal and write-off property, plant and equipment and intangible asset	1,165	(1,911)	388	(358)	-	(358)
Impairment losses on assets	199	-	-	199	-	199

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Geographical information

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

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

	Revenue from services			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Saudi Arabia	77,466	95,167	2,623,209	3,360,382
Indonesia	25,920	27,961	891,738	988,600
Thailand	14,097	28,525	480,826	1,004,293
Qatar	10,736	18,642	372,308	655,144
Malaysia	10,475	403	352,441	14,055
Other countries	5,967	14,551	198,388	510,903
Total	144,661	185,249	4,918,910	6,533,377

	Assets			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Thailand	256,378	280,728	8,378,664	10,058,681
Cayman	88,983	84,415	2,908,045	3,024,649
Saudi Arabia	67,878	54,744	2,218,314	1,961,516
Qatar	15,338	26,776	501,260	959,403
Indonesia	12,458	20,048	407,139	718,334
Singapore	9,167	4,618	299,586	165,466
Other countries	926	756	30,262	27,084
Total	451,128	472,085	14,743,270	16,915,133

Major customer

Revenues from the major customer of the Group's Segments Subsea represents approximately US Dollar 69.8 million (2016: US Dollar 98.5 million) of the Group's total revenues.

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Notes to the financial statements

For the year ended 31 December 2017

25 Cost of rendering of services

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Crew, staff and subcontractor costs	48,914	60,394	1,663,605	2,131,087
Vessel expenses and repair and maintenance expenses	41,702	48,251	1,418,198	1,704,351
Depreciation	18,258	19,965	620,392	704,637
Recharge expenses related to services provided	6,056	9,002	206,148	317,353
Mobilisation/demobilisation expense	3,211	3,480	108,724	122,839
Amortisation	1,770	2,123	60,407	74,936
Charter hire and equipment rental	1,685	8,227	58,459	289,515
Total	121,596	151,442	4,135,933	5,344,715

26 Administrative expenses

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Employee benefit expense	15,907	15,006	539,940	528,780
Withholding tax not recoverable	1,581	7,888	54,570	278,961
Depreciation	1,082	937	36,718	33,066
Office and office equipment rental	930	870	31,566	30,703
Travelling expenses	925	730	31,386	25,760
Insurance and port expenses	669	787	22,042	27,775
Professional fees	585	811	19,510	28,639
Bank charge	258	234	8,765	8,262
Amortisation	58	57	1,974	2,012
Bad and doubtful debts expenses	-	457	-	16,034
Others	1,293	1,581	44,349	55,897
Total	23,288	29,358	790,820	1,035,889

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Employee benefit expense	2,286	2,278	77,394	80,311
Depreciation	344	358	11,665	12,637
Professional fees	121	339	3,831	11,946
Travelling expenses	104	89	3,537	3,143
Office and office equipment rental	90	85	3,055	3,000
Bad and doubtful debts expenses	72	44	2,511	1,550
Amortisation	29	30	986	1,059
Others	350	567	12,020	19,999
Total	3,396	3,790	114,999	133,645

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Notes to the financial statements

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27 Employee benefit expense

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Crew expenses and subcontractor	48,914	60,394	1,663,605	2,131,087
Wages and salaries	12,322	12,913	418,294	455,892
Bonus	609	(1,783)	20,405	(63,914)
Staff welfare	1,857	2,986	63,104	105,461
Contribution to defined contribution plans and social security and expenses related to define benefit plans	730	242	25,062	8,482
Others	389	648	13,075	22,859
Total	64,821	75,400	2,203,545	2,659,867

	Separate financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Wages and salaries	1,626	1,823	55,084	64,359
Bonus	100	(213)	3,449	(7,658)
Staff welfare	249	362	8,447	12,806
Contribution to defined contribution plans and social security and expenses related to define benefit plans	125	115	4,224	4,058
Others	186	191	6,190	6,746
Total	2,286	2,278	77,394	80,311

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.

28 Finance costs

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Interest expenses:				
Bank loans	3,467	3,363	117,620	118,699
Total interest expense	3,467	3,363	117,620	118,699
Amortisation of front-end fees	110	110	3,734	3,884
Interest expense from finance lease	6	4	203	141
Total	3,583	3,477	121,557	122,724

Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

29 Income tax expense

Income tax recognized in profit or loss

	Note	Consolidated financial statements			
		2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Current tax expense					
Adjustment for prior year		-	(256)	-	(9,036)
Current taxes		37	190	1,433	6,636
		<u>37</u>	<u>(66)</u>	<u>1,433</u>	<u>(2,400)</u>
Deferred tax expense (benefit)					
Deferred taxes	18	19	(2,759)	385	(97,877)
Total		<u>56</u>	<u>(2,825)</u>	<u>1,818</u>	<u>(100,277)</u>

	Note	Separate financial statements			
		2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Current tax expense					
Adjustment for prior year		-	12	-	424
Current taxes		-	47	-	1,662
		<u>-</u>	<u>59</u>	<u>-</u>	<u>2,086</u>
Deferred tax expense (benefit)					
Deferred taxes	18	(6)	9	(198)	322
Total		<u>(6)</u>	<u>68</u>	<u>(198)</u>	<u>2,408</u>

Income tax recognized in other comprehensive income

	Consolidated financial statements					
	Before tax <i>(Note 21)</i>	2017 Tax (expense) benefit	Net of tax <i>(in thousand US Dollar)</i>	Before tax <i>(Note 21)</i>	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(164)	41	(123)	(13)	7	(6)
Total	<u>(164)</u>	<u>41</u>	<u>(123)</u>	<u>(13)</u>	<u>7</u>	<u>(6)</u>

	Consolidated financial statements					
	Before tax <i>(Note 21)</i>	2017 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax <i>(Note 21)</i>	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	(5,393)	1,340	(4,053)	(466)	251	(215)
Total	<u>(5,393)</u>	<u>1,340</u>	<u>(4,053)</u>	<u>(466)</u>	<u>251</u>	<u>(215)</u>

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Notes to the financial statements

For the year ended 31 December 2017

	Separate financial statements					
	Before tax <i>(Note 21)</i>	2017 Tax (expense) benefit	Net of tax	Before tax <i>(Note 21)</i>	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	38	(6)	32
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>(6)</u>	<u>32</u>

	Separate financial statements					
	Before tax <i>(Note 21)</i>	2017 Tax (expense) benefit	Net of tax	Before tax <i>(Note 21)</i>	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	1,362	(215)	1,147
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,362</u>	<u>(215)</u>	<u>1,147</u>

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For the year ended 31 December 2017

Reconciliation of effective tax rate

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

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Profit before income tax – accounting	<u>4,260</u>	<u>14,401</u>	<u>145,928</u>	<u>504,752</u>
Tax at the domestic rate of 20%	852	2,880	29,186	100,950
Adjustments:				
Effect of difference tax rate in foreign jurisdictions	4,388	(1,475)	148,920	(52,062)
Income not subject to tax and additional taxable expenses	(3,503)	(3,887)	(118,885)	(137,197)
Expenses not deductible for tax purposes	130	(1,105)	4,059	(39,002)
Utilisation of previously unrecognised tax losses	(1,764)	(928)	(59,867)	(32,755)
Tax losses and temporary differences for which no deferred income tax were recognised	1,987	1,780	67,435	62,966
Adjustments in respect of prior year	-	(256)	-	(9,036)
Remeasurement of gain on exchange rate of US Dollar financial statement	(1,943)	(108)	(65,942)	(3,812)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	<u>(91)</u>	<u>274</u>	<u>(3,088)</u>	<u>9,671</u>
Total income tax expense (benefit)	<u>56</u>	<u>(2,825)</u>	<u>1,818</u>	<u>(100,277)</u>
The average effective tax rate	1%	(20%)	1%	(20%)

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	Separate financial statements			
	2017 <i>(in thousand US Dollar)</i>	2016	2017 <i>(in thousand Baht)</i>	2016
Profit before income tax – accounting	<u>15,263</u>	<u>3,237</u>	<u>520,827</u>	<u>115,265</u>
Tax at the domestic rate of 20%	3,053	647	104,165	23,053
Adjustments:				
Expenses not deductible for tax purposes	(1)	(3)	(580)	(315)
Tax losses for which no deferred income tax assets were recognised	936	-	31,766	-
Adjustments in respect of prior year	-	12	-	424
Remeasurement of gain on exchange rate of US Dollar financial statement	(3,003)	(675)	(101,916)	(23,825)
Remeasurement of (gain) loss on exchange rate of Thai Baht financial statement	<u>(991)</u>	<u>87</u>	<u>(33,633)</u>	<u>3,071</u>
Total income tax expense (benefit)	<u>(6)</u>	<u>68</u>	<u>(198)</u>	<u>2,408</u>
The average effective tax rate	0%	2%	0%	2%

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.

30 Promotional privileges

As at 31 December 2017, 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.

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31 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2017 and 2016 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements			
	2017 <i>(in thousand US Dollar/ thousand shares)</i>	2016 <i>(in thousand US Dollar/ thousand shares)</i>	2017 <i>(in thousand Baht/ thousand shares)</i>	2016 <i>(in thousand Baht/ thousand shares)</i>
Profit attributable to ordinary shareholders of the Company (basic)	<u>4,217</u>	<u>17,107</u>	<u>144,536</u>	<u>600,842</u>
Number of ordinary shares outstanding (basic)	<u>1,413,329</u>	<u>1,413,329</u>	<u>1,413,329</u>	<u>1,413,329</u>
Earnings per share (basic)	<u>0.003</u> <i>(in US dollar)</i>	<u>0.012</u>	<u>0.102</u> <i>(in Baht)</i>	<u>0.425</u>
	Separate financial statements			
	2017 <i>(in thousand US Dollar/ thousand shares)</i>	2016 <i>(in thousand US Dollar/ thousand shares)</i>	2017 <i>(in thousand Baht/ thousand shares)</i>	2016 <i>(in thousand Baht/ thousand shares)</i>
Profit attributable to ordinary shareholders of the Company (basic)	<u>15,269</u>	<u>3,169</u>	<u>521,025</u>	<u>112,857</u>
Number of ordinary shares outstanding (basic)	<u>1,413,329</u>	<u>1,413,329</u>	<u>1,413,329</u>	<u>1,413,329</u>
Earnings per share (basic)	<u>0.011</u> <i>(in US dollar)</i>	<u>0.002</u>	<u>0.369</u> <i>(in Baht)</i>	<u>0.080</u>

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.

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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 19).

Foreign currency risk

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

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
Thai Baht				
Cash and cash equivalents	17,403	11,082	402	635
Trade accounts receivable	-	4	-	-
Receivables from related parties	-	-	135,621	105,127
Short-term loans to related parties	-	-	-	50,627
Long-term loans to related parties	-	-	55,506	-
Trade accounts payable	(341)	(446)	-	-
Other payables	(1,094)	(2,475)	(578)	(970)
Gross balance sheet exposure	15,968	8,165	190,951	155,419
Singapore Dollar				
Cash and cash equivalents	138	63	-	-
Trade accounts receivable	35	-	-	-
Trade accounts payable	(364)	(224)	-	-
Other payables	(605)	(71)	-	-
Gross balance sheet exposure	(796)	(232)	-	-
Qatari Dollar				
Cash and cash equivalents	229	105	-	-
Trade accounts receivable	-	73	-	-
Trade accounts payable	(4)	(4)	-	-
Other payables	(128)	(253)	-	-
Gross balance sheet exposure	97	(79)	-	-

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	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand US Dollar)</i>			
Indonesian Rupiah				
Cash and cash equivalents	81	135	-	-
Trade accounts receivable	260	1,749	-	-
Trade accounts payable	(296)	(260)	-	-
Other payables	(512)	(7,081)	-	-
Finance lease liabilities	(139)	(12)	-	-
Gross balance sheet exposure	(606)	(5,469)	-	-

Credit risk

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

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

Liquidity risk

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

Carrying amount and fair values

As at 31 December 2017 and 2016, except for investment properties disclosed in Note 13 and loans from financial institutions disclosed in Note 19, 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 2017 and 2016, the Group and the Company had outstanding guarantees as follows:

	Consolidated financial statements					
		2017		2016		
	thousand Baht	thousand USD	thousand QAR	thousand Baht	thousand USD	thousand QAR
Letters of guarantee issued by financial institutions in the normal course of business	19,990	13,576	46	15,600	16,450	1,575
Guarantee for long-term loans of subsidiaries to financial institutions	-	80,000	-	-	90,000	-

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	Separate financial statements			
	2017		2016	
	thousand Baht	thousand USD	thousand Baht	thousand USD
Letters of guarantee issued by financial institutions in the normal course of business	400	8,750	400	8,750
Guarantee for long-term loans of subsidiaries to financial institutions	-	80,000	-	90,000

34 Commitments with non-related parties

(a) Capital commitments

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
Purchasing of diving equipment	72	127	2,353	4,550
Purchasing of investment	2,389	-	78,075	-
Total	2,461	127	80,428	4,550

(b) Operating lease commitments - company as lessee

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

	Consolidated financial statements			
	2017 (in thousand US Dollar)	2016	2017 (in thousand Baht)	2016
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	5,169	12,380	168,928	443,584
After one year but within five years	5,833	1,575	190,628	56,433
After five years	741	1,110	24,217	39,772
Total	11,743	15,065	383,773	539,789

35 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).

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36 Events after the reporting period

Acquisition of a subsidiary

At the Board of Directors' meeting of a local subsidiary (Mermaid Subsea Services (Thailand) Ltd. ("MSST")) held on 12 January 2018, the subsidiary's Board of Directors approved to set up a new foreign subsidiary, Mermaid Subsea Services (Malaysia) Sdn. Bhd. ("MSSM"), which is owned 100.00% by MSST. The main business of this subsidiary is to provide offshore services for offshore oil and gas industry. The subsidiary would have the authorised share capital of Malaysian Ringgit 100 thousand. The incorporation was completed in January 2018.

Deregistration of subsidiaries

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

37 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016					
	Consolidated financial statements					
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand US Dollar)</i>			<i>(in thousand Baht)</i>		
<i>Statement of comprehensive income</i>						
Cost of services	152,236	(794)	151,442	5,372,740	(28,025)	5,344,715
Administrative expenses	28,558	800	29,358	1,007,665	28,224	1,035,889
Impairment losses	6	<u>(6)</u>	-	199	<u>(199)</u>	-
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.