

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

Financial statements for the year ended  
31 December 2018  
and  
Independent Auditor's report



KPMG Phoomchai Audit Ltd.  
50<sup>th</sup> Floor, Empire Tower  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000  
Fax +66 2677 2222  
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด  
ชั้น 50 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000  
แฟกซ์ +66 2677 2222  
เว็บไซต์ kpmg.com/th

## Independent Auditor's Report

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

#### *Opinion*

I have audited the consolidated and separate financial statements of Mermaid Maritime Public Company Limited and its subsidiaries (the "Group") and of Mermaid Maritime Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

The impairment testing of property, plant and equipment, goodwill, investment in subsidiaries and associates	
Refer to Notes 3, 10, 11, 13, and 14 to the consolidated and separate financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>As the exploration business is in downturn which influenced the expenditure of the Group's customers on oil and gas exploration and production activities, which resulted in lower utilisation and day rate for subsea and offshore drilling services. This is an indicator of impairment of property, plant and equipment, goodwill and investment in associates in the consolidated financial statements, and of investment in subsidiaries in the separate financial statements.</p> <p>To determine the recoverable amount of a vessel, management considered the higher of the vessel's value-in-use and its fair value less costs to sell.</p> <p>Management used the work of an independent valuer to evaluate the fair value less costs to sell of certain vessels.</p> <p>Management also used the discounted cash flow forecast method to estimate the value-in-use. In estimating the valuation, there are assumptions used for the estimation of future cash flows such as future profit, useful life and discounted rate to be applied for the basis of assessing the valuation which contains inherent uncertainty. Therefore, this is a key area of judgment on which my audit was focused.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• making inquiries of management and obtaining related documents to understand the process by which management has derived its value-in-use estimates;</li> <li>• comparing forecast revenues to those achieved in prior periods;</li> <li>• evaluating the discounted cash flow forecast methodology and key assumptions applied in estimating the discount rate, such as cost of debt;</li> <li>• performing sensitivity tests by carrying key assumptions;</li> <li>• assessing the competency and independence of management's fair value less costs to sell valuer; and</li> <li>• considering the adequacy of the Group's disclosures in accordance with the relevant Thai Financial Reporting Standards.</li> </ul>
Recognition of deferred tax assets	
Refer to Notes 3 and 16 to the consolidated financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group has recognised deferred tax assets, mainly arising from the tax losses carried forward at Mermaid Subsea Services (Thailand) Ltd. ("MSST") which expire in multiple years, and by 2023.</p> <p>In assessing the valuation of deferred tax assets, there is inherent uncertainty in the forecasting of future taxable profitability of MSST, and hence utilisation of tax losses carried forward before expiry. Therefore, this is a key area of judgment on which my audit was focused.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• making inquiries of management and obtaining related documents to understand the process by which management has derived its future taxable profits forecast estimates;</li> <li>• comparing future taxable profits forecast to those achieved in prior periods;</li> <li>• evaluating the forecast methodology and key assumptions applied; and</li> <li>• considering the adequacy of the Group's disclosures in accordance with the relevant Thai Financial Reporting Standards.</li> </ul>

B



### *Other Information*

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

(Banthit Tangpakorn)  
Certified Public Accountant  
Registration No. 8509

KPMG Phoomchai Audit Ltd.  
Bangkok  
28 February 2019

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of financial position**

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of financial position**

<b>Consolidated financial statements</b>					
<b>Liabilities and equity</b>	<i>Note</i>	31 December		31 December	
		2018	2017	2018	2017
		<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Current liabilities</i></b>					
Trade accounts payable		5,201	4,792	168,771	156,607
Other accounts payable	4, 18	18,992	22,079	616,287	721,561
Current portion of long-term borrowings	17	15,890	11,890	515,627	388,576
Current portion of finance lease liabilities	17	47	47	1,525	1,536
Current income tax payable		194	75	6,295	2,451
<b>Total current liabilities</b>		<b>40,324</b>	<b>38,883</b>	<b>1,308,505</b>	<b>1,270,731</b>
<b><i>Non-current liabilities</i></b>					
Long-term borrowings	17	51,835	67,725	1,682,035	2,213,314
Finance lease liabilities	17	40	92	1,298	3,007
Provisions for employee benefits	19	2,504	2,244	81,254	73,336
<b>Total non-current liabilities</b>		<b>54,379</b>	<b>70,061</b>	<b>1,764,587</b>	<b>2,289,657</b>
<b>Total liabilities</b>		<b>94,703</b>	<b>108,944</b>	<b>3,073,092</b>	<b>3,560,388</b>

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of financial position**

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

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



**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of financial position**

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Statement of financial position**

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

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

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

<b>Consolidated financial statements</b>					
	Year ended 31 December	Year ended 31 December	Year ended 31 December	Year ended 31 December	
<i>Note</i>	2018	2017	2018	2017	
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>		
<b>Revenue</b>					
Revenue from rendering of services	4	94,760	144,661	3,071,858	4,918,910
Interest income		701	765	22,727	25,863
Net gain on foreign exchange		78	1,083	2,163	36,885
Other income	4	2,622	1,568	83,305	54,709
<b>Total revenue</b>		<b>98,161</b>	<b>148,077</b>	<b>3,180,053</b>	<b>5,036,367</b>
<b>Expenses</b>					
Costs of rendering of services	23	103,768	121,596	3,358,726	4,135,933
Administrative expenses	4, 24	24,982	23,288	808,652	790,820
Finance costs	26	3,897	3,583	125,955	121,557
<b>Total expenses</b>		<b>132,647</b>	<b>148,467</b>	<b>4,293,333</b>	<b>5,048,310</b>
Share of profit of associates and joint venture		8,062	4,650	260,479	157,871
<b>Profit (loss) before income tax expense</b>		<b>(26,424)</b>	<b>4,260</b>	<b>(852,801)</b>	<b>145,928</b>
Tax expense	27	874	56	28,453	1,818
<b>Profit (loss) for the year</b>		<b>(27,298)</b>	<b>4,204</b>	<b>(881,254)</b>	<b>144,110</b>
<b>Other comprehensive expense</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translating financial statements		2	(144)	64	(5,057)
Translation adjustments		-	-	(83,637)	(1,071,743)
<b>Items that will not be reclassified to profit or loss</b>					
Losses on remeasurements of defined benefit plans, net of tax	27	-	(123)	-	(4,053)
<b>Other comprehensive expense for the year, net of tax</b>		<b>2</b>	<b>(267)</b>	<b>(83,573)</b>	<b>(1,080,853)</b>
<b>Total comprehensive income (expense) for the year</b>		<b>(27,296)</b>	<b>3,937</b>	<b>(964,827)</b>	<b>(936,743)</b>

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

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

<b>Consolidated financial statements</b>				
	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Profit (loss) attributable to:</b>				
Owners of parent	(27,193)	4,217	(877,782)	144,536
Non-controlling interests	(105)	(13)	(3,472)	(426)
<b>Profit (loss) for the year</b>	<b><u>(27,298)</u></b>	<b><u>4,204</u></b>	<b><u>(881,254)</u></b>	<b><u>144,110</u></b>
<b>Total comprehensive income (expense) attributable to:</b>				
Owners of parent	(27,191)	3,950	(961,355)	(936,317)
Non-controlling interests	(105)	(13)	(3,472)	(426)
<b>Total comprehensive income (expense) for the year</b>	<b><u>(27,296)</u></b>	<b><u>3,937</u></b>	<b><u>(964,827)</u></b>	<b><u>(936,743)</u></b>
<b>Basic earning (losses) per share</b>				
	<i>(in US Dollar)</i>		<i>(in Baht)</i>	
Basic earning (losses) per share	<u>(0.0192)</u>	<u>0.0030</u>	<u>(0.6211)</u>	<u>0.1023</u>

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

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

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

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of changes in equity

	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
<b>Year ended 31 December 2017</b>											
<b>Balance at 1 January 2017</b>	47,322	343,536	-	(50,400)	1,337	28	(3,166)	(1,801)	338,657	(410)	338,247
Transactions with owners, recorded directly in equity											
<i>Distributions to owners of the parent</i>											
Liquidation of a subsidiary	11	-	-	254	-	-	(254)	(254)	-	-	-
<b>Total distributions to owners of the parent</b>				254			(254)	(254)			
<b>Total transactions with owners, recorded directly in equity</b>				254			(254)	(254)			
<b>Comprehensive income (expense) for the year</b>											
Profit or loss	-	-	-	4,217	-	-	-	-	4,217	(13)	4,204
Losses on remeasurements of defined benefit plans	27	-	-	(123)	-	-	-	-	(123)	-	(123)
Exchange differences on translating financial statements	-	-	-	-	(144)	-	-	(144)	(144)	-	(144)
<b>Total comprehensive income (expense) for the year</b>				4,094	(144)	-	-	(144)	3,950	(13)	3,937
<b>Balance at 31 December 2017</b>	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						
	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
<b>Year ended 31 December 2018</b>	47,322	343,536	-	(46,052)	1,193	28	(3,420)	(2,199)	342,607	(423)	342,184
<b>Balance at 1 January 2018</b>	-	-	-	(27,193)	-	-	-	-	(27,193)	(105)	(27,298)
<b>Comprehensive income (expense) for the year</b>	-	-	-	-	2	-	-	2	2	-	2
Loss	-	-	-	(27,193)	-	-	-	-	(27,193)	(105)	(27,298)
Exchange differences on translating financial statements	-	-	-	-	2	-	-	2	2	-	2
<b>Total comprehensive income (expense) for the year</b>	-	-	-	(27,193)	2	-	-	2	(27,191)	(105)	(27,296)
<b>Balance at 31 December 2018</b>	47,322	343,536	-	(73,245)	1,195	28	(3,420)	(2,197)	315,416	(528)	314,888

*(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**

	Consolidated financial statements										
	Retained earnings/(Deficit)			Other components of equity				Equity			Total equity
	Issued and paid share capital	Share premium on ordinary shares	Legal reserve	Deficit	Translation of financial statements	Share-based payment interests	Changes in ownership interests	Total other components of equity	attributable to owners of parent	Non-controlling interests	
<i>Note</i>											
<b>Year ended 31 December 2017</b>											
<b>Balance at 1 January 2017</b>	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
<b>Transactions with owners, recorded directly in equity</b>											
<i>Distributions to owners of the parent</i>											
Liquidation of a subsidiary	-	-	-	9,680	-	-	(9,680)	(9,680)	-	-	-
<b>Total distributions to owners of the parent</b>	-	-	-	9,680	-	-	(9,680)	(9,680)	-	-	-
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	9,680	-	-	(9,680)	(9,680)	-	-	-
<b>Comprehensive income (expense) for the year</b>											
Profit or loss	-	-	-	144,536	-	-	-	-	144,536	(426)	144,110
Losses on remeasurements of defined benefit plans	-	-	-	(4,053)	-	-	-	-	(4,053)	-	(4,053)
Exchange differences on translating financial statements	-	-	-	-	(5,057)	-	-	(5,057)	(5,057)	-	(5,057)
Translation adjustments	-	-	-	-	(1,071,743)	-	-	(1,071,743)	(1,071,743)	-	(1,071,743)
<b>Total comprehensive income (expense) for the year</b>	-	-	-	140,483	(1,076,800)	-	-	(1,076,800)	(936,317)	(426)	(936,743)
<b>Balance at 31 December 2017</b>	1,413,329	12,271,678	-	(3,378,846)	1,015,337	874	(121,163)	895,048	11,201,209	(18,327)	11,182,882

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



**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**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
<b>Year ended 31 December 2018</b>											
<b>Balance at 1 January 2018</b>	1,413,329	12,271,678	-	(3,378,846)	1,015,337	874	(121,163)	895,048	11,201,209	(18,327)	11,182,882
<b>Comprehensive income (expense) for the year</b>											
Loss	-	-	-	(877,782)	-	-	-	-	(877,782)	(3,472)	(881,254)
Exchange differences on translating financial statements	-	-	-	-	64	-	-	64	64	-	64
Translation adjustments	-	-	-	-	(83,637)	-	-	(83,637)	(83,637)	-	(83,637)
<b>Total comprehensive income (expense) for the year</b>	-	-	-	(877,782)	(83,573)	-	-	(83,573)	(961,355)	(3,472)	(964,827)
<b>Balance at 31 December 2018</b>	1,413,329	12,271,678	-	(4,256,628)	931,764	874	(121,163)	811,475	10,239,854	(21,799)	10,218,055

(in thousand Baht)

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		Other components of equity		
				Legal reserve	Unappropriated	Share-based payment		
<b>Year ended 31 December 2017</b>								
<b>Balance at 1 January 2017</b>	<b>47,322</b>	<b>343,536</b>	<b>(7,406)</b>	<b>-</b>	<b>3,277</b>	<b>28</b>		<b>386,757</b>
<b>Comprehensive income for the year</b>								
Profit	-	-	-	-	15,269	-	-	15,269
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,269</b>	<b>-</b>	<b>-</b>	<b>15,269</b>
<b>Balance at 31 December 2017</b>	<b>47,322</b>	<b>343,536</b>	<b>(7,406)</b>	<b>-</b>	<b>18,546</b>	<b>28</b>		<b>402,026</b>

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

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

(in thousand Baht)

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	
	Retained earnings/(Deficit)		Other components of equity			Total other components of equity			
	Issued and paid share capital	Share premium on ordinary shares	Differences arising from common control transactions	Legal reserve	Deficit		Translation of financial statements		Share-based payment
<b>Year ended 31 December 2018</b>									
<b>Balance at 1 January 2018</b>	1,413,329	12,271,678	(239,757)	-	(849,219)	541,666	874	542,540	13,138,571
<b>Comprehensive expense for the year</b>									
Loss	-	-	-	-	(31,987)	-	-	-	(31,987)
Translation adjustments	-	-	-	-	-	(93,856)	-	(93,856)	(93,856)
<b>Total comprehensive expense for the year</b>	-	-	-	-	(31,987)	(93,856)	-	(93,856)	(125,843)
<b>Balance at 31 December 2018</b>	<b>1,413,329</b>	<b>12,271,678</b>	<b>(239,757)</b>	<b>-</b>	<b>(881,206)</b>	<b>447,810</b>	<b>874</b>	<b>448,684</b>	<b>13,012,728</b>

(in thousand Baht)

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Statement of cash flows

	<b>Consolidated financial statements</b>			
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year	(27,298)	4,204	(881,254)	144,110
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense	874	56	28,453	1,818
Finance costs	3,897	3,583	125,955	121,557
Depreciation	18,201	19,340	588,525	657,110
Amortisation	99	1,828	3,196	62,381
Reversal of impairment losses on assets	(1,800)	-	(56,774)	-
Unrealised loss (gain) on exchange	391	(733)	12,264	(25,248)
Gain from revaluation of trading securities	(236)	-	(7,736)	-
Share of profit of associates and joint venture, net of tax	(8,062)	(4,650)	(260,479)	(157,871)
Bad and doubtful debts expenses	2,253	-	73,901	-
Losses on supplies and spare parts devaluation	277	-	8,841	-
Gains on disposals and write-offs of property, plant and equipment and intangible assets	(241)	(7)	(7,597)	(244)
Interest income	(701)	(765)	(22,727)	(25,863)
Gain from liquidation of a subsidiary	-	(145)	-	(5,092)
Provision for employee benefits	448	339	14,554	11,762
Reversal of provision for non-refundable withholding tax	-	(1,146)	-	(40,127)
Loss from write-off non-refundable withholding tax	1,703	1,483	55,397	51,157
	<u>(10,195)</u>	<u>23,387</u>	<u>(325,481)</u>	<u>795,450</u>
<i>Changes in operating assets and liabilities</i>				
Restricted deposit at financial institutions	(1,748)	(4,825)	(56,722)	(157,685)
Trade accounts receivable	23,994	3,126	778,601	102,161
Other accounts receivable	2,171	7,635	70,449	249,519
Supplies and spare parts	267	(51)	8,664	(1,667)
Other non-current assets	77	(41)	2,499	(1,340)
Trade accounts payable	413	(1,044)	13,401	(34,119)
Other accounts payable	(4,227)	(14,524)	(137,165)	(474,657)
Exchange rate losses from translating financial statements	2	1	64	35
Translation adjustments	-	-	(22,055)	(219,242)
Net cash generated from operating activities	<u>10,754</u>	<u>13,664</u>	<u>332,255</u>	<u>258,455</u>
Employee benefit paid	(188)	(946)	(6,040)	(32,086)
Taxes paid	(687)	(1,406)	(22,414)	(48,295)
<b>Net cash from operating activities</b>	<u><b>9,879</b></u>	<u><b>11,312</b></u>	<u><b>303,801</b></u>	<u><b>178,074</b></u>

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

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

**Statement of cash flows**

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

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

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

**Statement of cash flows**

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

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Current investments
7	Trade accounts receivables
8	Other account receivables
9	Restricted deposit at financial institutions
10	Investments in associates and joint venture
11	Investments in subsidiaries
12	Investment properties
13	Property, plant and equipment
14	Goodwill
15	Intangible assets
16	Deferred tax assets
17	Interest-bearing liabilities
18	Other accounts payables
19	Provisions for employee benefits
20	Share capital
21	Reserves
22	Segment information
23	Costs of rendering of services
24	Administrative expenses
25	Employee benefit expense
26	Finance costs
27	Income tax expense
28	Promotional privileges
29	Earnings per share
30	Financial instruments
31	Guarantees
32	Commitments with non-related parties
33	Thai Financial Reporting Standards (TFRS) not yet adopted

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2019.

## 1 General information

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

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

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

Details of the Company’s subsidiaries, associates, and joint venture as at 31 December 2018 and 2017 were as follows:

Name of the entities	Nature of business	Country of incorporation	Direct/Indirect holding (%)	
			31 December 2018	31 December 2017
<i>Subsidiaries</i>				
Mermaid Subsea Services (Thailand) Ltd., which has four subsidiaries as follows:	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	Thailand	100.0	100.0
Seascope Surveys Pte. Ltd., which has one subsidiary as follows:	Subsea Service Provider, hydrographic survey and positioning to the Offshore Oil and Gas industry	Singapore	100.0	100.0
PT Seascope Surveys Indonesia <sup>(1)</sup>	”	Indonesia	49.0	49.0
Mermaid Offshore Services Pte. Ltd.	Subsea Service Provider, diving, ROV services and subsea contractor to the Offshore Oil and Gas industry	Singapore	100.0	100.0
Mermaid Subsea Services (Malaysia) Sdn. Bhd. <sup>(2)</sup>	”	Malaysia	45.0	-
Mermaid Drilling Ltd., which has four subsidiaries as follows:	Production and exploration drilling services	Thailand	95.0	95.0
MTR - 1 Ltd.	Drilling services	Thailand	95.0	95.0
MTR - 2 Ltd.	”	Thailand	95.0	95.0
Mermaid Drilling (Malaysia) Sdn. Bhd.	”	Malaysia	95.0	95.0
MTR - 1 (Singapore) Pte. Ltd.	”	Singapore	95.0	95.0

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

- (1) Group interest is 95% after taking account of nominee holdings.  
(2) Group interest is 100% after taking account of nominee holdings.  
(3) Mermaid Drilling (Singapore) Pte. Ltd. was deregistered on 5 April 2018.  
(4) MTR - 3 (Singapore) Pte. Ltd. and MTR - 4 (Singapore) Pte. Ltd. were deregistered on 5 February 2018.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 2 Basis of preparation of the financial statements

#### (a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosure in note 33.

#### (b) Basis of measurement

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

<i>Items</i>	<i>Measurement bases</i>
Equity securities held for trading	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (m)

#### (c) Functional and presentation currency

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

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

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

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

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

Note 11, 13 and 14	Impairment test : Key assumptions underlying recoverable amounts ;
Note 16	Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used.

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### *Measurement of fair values*

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

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

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

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

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

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

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

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

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

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

### **3 Significant accounting policies**

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

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

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

#### *Business combinations*

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

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

## **Notes to the financial statements**

### **For the year ended 31 December 2018**

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

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

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

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

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

#### *Acquisitions from entities under common control*

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

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

#### *Subsidiaries*

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

#### *Non-controlling interests*

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

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

## **Notes to the financial statements**

**For the year ended 31 December 2018**

### *Loss of control*

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

### *Interests in equity-accounted investees*

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

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

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

### *Transactions eliminated on consolidation*

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

## **(b) Foreign currencies**

### *Foreign currency transactions*

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

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

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

Foreign currency differences are generally recognised in profit or loss.

### *Group companies*

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

- (a) assets and liabilities for each financial position presented are translated at the closing rate at the date of the statement of financial position;

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

(b) income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

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

### (c) *Cash and cash equivalents*

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

#### *Restricted deposit*

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

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

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

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

### (e) *Supplies and spare parts*

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

### (f) *Investments*

#### *Investments in associates, subsidiaries and joint ventures*

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

#### *Investment in other debt and equity securities*

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

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

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

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

### *Disposal of investments*

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

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

### **(g) Investment properties**

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

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

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

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

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

No depreciation is provided on freehold land.

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

#### *Recognition and measurement*

#### *Owned assets*

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

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

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

### *Leased assets*

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

### *Subsequent costs*

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

### *Depreciation*

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

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

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

### (i) *Intangible assets*

#### *Goodwill*

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

#### *Other intangible assets*

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

#### *Subsequent expenditure*

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

#### *Amortisation*

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

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

Computer software	1, 3 and 5 years
-------------------	------------------

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.

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

## **Notes to the financial statements**

### **For the year ended 31 December 2018**

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

#### *Calculation of recoverable amount*

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

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

#### *Reversals of impairment*

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

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

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

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

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

Trade and other accounts payable are stated at cost.

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

##### *Defined contribution plans*

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

##### *Defined benefit plans*

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

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

*Short-term employee benefits*

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

**(n) *Share-based payments***

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

**(o) *Provisions***

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

**(p) *Revenue***

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

*Rendering of services*

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

### *Interest and dividend income*

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

### **(q) Finance costs**

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

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

### **(r) Lease payments**

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

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

### **(s) Income tax**

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

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

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

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

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

**(t) Earnings per share**

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

**(u) Business segment reporting**

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

**4 Related parties**

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Relationships with related parties were as follows:

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

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

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

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

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

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

	<b>Consolidated financial statements</b>			
	2018 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand Baht)</i>	2017 <i>(in thousand Baht)</i>
<b>Trade accounts receivable from related parties</b>				
Joint venture	20,269	45,119	657,725	1,474,530
<b>Total</b>	<b>20,269</b>	<b>45,119</b>	<b>657,725</b>	<b>1,474,530</b>
<b>Other accounts receivables from related parties</b>				
Parent	13	5	422	163
Associates	1	-	32	-
<b>Total</b>	<b>14</b>	<b>5</b>	<b>454</b>	<b>163</b>
<b>Other accounts payables to related parties</b>				
Parent	6	6	195	196
<b>Total</b>	<b>6</b>	<b>6</b>	<b>195</b>	<b>196</b>

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	<b>Separate financial statements</b>			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
<b><i>Other accounts receivables from related parties</i></b>				
Parent	13	5	422	163
Subsidiaries	59,350	59,731	1,925,896	1,952,063
Subsidiaries - transferred investments in associates under common control	82,812	82,227	2,687,233	2,687,252
Associates	1	-	32	-
	<u>142,176</u>	<u>141,963</u>	<u>4,613,583</u>	<u>4,639,478</u>
Less allowance for doubtful account	(1,292)	(1,359)	(41,925)	(44,413)
<b>Net</b>	<b><u>140,884</u></b>	<b><u>140,604</u></b>	<b><u>4,571,658</u></b>	<b><u>4,595,065</u></b>
<b>(Reversal of) bad and doubtful debts expense for the year</b>	<b><u>(67)</u></b>	<b><u>(928)</u></b>	<b><u>(2,029)</u></b>	<b><u>(31,790)</u></b>

*Other accounts receivable from transferred investment in associates under common control*

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

*Debt forgiveness to subsidiaries*

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

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

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

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

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 5 Cash and cash equivalents

	Consolidated financial statements			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
Cash on hand	90	65	2,920	2,124
Cash at bank	36,394	68,627	1,180,979	2,242,792
<b>Total</b>	<b>36,484</b>	<b>68,692</b>	<b>1,183,899</b>	<b>2,244,916</b>

  

	Separate financial statements			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
Cash on hand	1	1	32	33
Cash at bank	1,751	25,369	56,820	829,081
<b>Total</b>	<b>1,752</b>	<b>25,370</b>	<b>56,852</b>	<b>829,114</b>

### 6 Current investments

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

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

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

#### Measurement of fair value

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 7 Trade accounts receivable

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

Aging analyses for trade accounts receivable were as follows:

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

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

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

### 8 Other accounts receivables

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

## 9 Restricted deposit at financial institution

### *Consolidated financial statements*

As at 31 December 2018, US Dollar 8.3 million or equivalent to Baht 270 million (2017: US Dollar 7.8 million or equivalent to Baht 255 million) restricted deposit at a financial institution was pledged against long-term loans with a local financial institution. The restricted deposit must be maintained at a minimum amount of the next two principal and interest payment after the two-year grace period expired in September 2013.

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

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

### *Separate financial statements*

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 10 Investment in associates and joint venture

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Increase in a direct associate*

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

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

*Transaction Support Agreement (“TSA”)*

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

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



**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**Consolidated financial statements**

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost	Equity		Dividend income	
			31 December 2018	31 December 2017	31 December 2018	31 December 2017		31 December 2018	31 December 2017	31 December 2018	31 December 2017
			(%)					<i>(in thousand Baht)</i>			
<b>Direct associate</b>											
PTGC Co., Ltd.	Real estate	Cambodia	49.00	-	USD 19 million	-	730,348	727,687	-	-	-
							<b>730,348</b>	<b>727,687</b>			
<b>Indirect associates</b>											
Asia Offshore Drilling Limited <sup>(A)</sup>	Drilling services	Bermuda	33.76	33.76	USD 60 million	USD 60 million	3,166,516	3,147,565	2,906,214	-	-
							<b>3,166,516</b>	<b>3,147,565</b>	<b>2,906,214</b>		
<b>Joint venture</b>											
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,912	68,794	66,898	-	-
							<b>6,912</b>	<b>68,794</b>	<b>66,898</b>		
<b>Total</b>							<b>3,903,776</b>	<b>3,196,029</b>	<b>2,973,112</b>		

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

		Separate financial statements						
Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Dividend income
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	
<b>Associate</b>								
PTGC Co., Ltd.	Cambodia	49.00	-	USD 19 million	-	22,507	-	-
						<u>22,507</u>	<u>-</u>	<u>-</u>
<b>Joint venture</b>								
Zamil Mermaid Offshore Services Co. (LLC)	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	213	213	-
						<u>213</u>	<u>213</u>	<u>-</u>
<b>Total</b>						<u>22,720</u>	<u>213</u>	<u>-</u>

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	Type of business	Country of incorporation	Ownership interest			Paid-up capital			Separate financial statements			
			interest			capital			Cost			
			31 December 2018	31 December 2017	31 December 2018	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2017
<b>Associate</b>												
PTGC Co., Ltd.	Real estate	Cambodia	49.00	-	USD 19 million	-	730,348	-	-	-	-	-
							<b>730,348</b>					
<b>Joint venture</b>												
Zamil Mermaid Offshore Services Co. (LLC)	Inspection, installation, repair and maintenance services for Offshore Oil and Gas industry	Saudi Arabia	40.00	40.00	SAR 2 million	SAR 2 million	6,912	6,961	-	-	-	-
							<b>6,912</b>	<b>6,961</b>				
<b>Total</b>							<b>737,260</b>	<b>6,961</b>				

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### Associates

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

	<b>PTGC Co., Ltd.</b>			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
Revenue	-	-	-	-
Loss from continuing operations	(168)	-	(5,540)	-
<b>Total comprehensive income (loss) (100%)</b>	<b>(168)</b>	<b>-</b>	<b>(5,540)</b>	<b>-</b>
<b>Group's share of total comprehensive income (loss) (% hold)</b>	<b>(82)</b>	<b>-</b>	<b>(2,715)</b>	<b>-</b>
Current assets	2	-	65	-
Non-current assets	19,360	-	628,228	-
Current liabilities	(3)	-	(97)	-
Non-current liabilities	-	-	-	-
Net assets (100%)	19,359	-	628,196	-
Group's share of net assets (% hold)	9,486	-	307,819	-
Goodwill	12,939	-	419,868	-
<b>Carrying amount of investment in associate</b>	<b>22,425</b>	<b>-</b>	<b>727,687</b>	<b>-</b>
	<b>Asia Offshore Drilling Limited</b>			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
Revenue	69,791	52,612	2,256,305	2,022,667
Profit from continuing operations	23,905	13,531	772,501	459,376
<b>Total comprehensive income (100%)</b>	<b>23,905</b>	<b>13,531</b>	<b>772,501</b>	<b>459,376</b>
<b>Group's share of total comprehensive income (% hold)</b>	<b>8,071</b>	<b>4,568</b>	<b>260,829</b>	<b>155,084</b>
Current assets	65,732	49,217	2,132,990	1,608,456
Non-current assets	428,403	439,789	13,901,592	14,372,700
Current liabilities	(15,409)	(225,595)	(500,019)	(7,372,648)
Non-current liabilities	(191,409)	-	(6,211,184)	-
Net assets (100%)	287,317	263,411	9,323,379	8,608,508
Group's share of net assets (% hold)	96,998	88,927	3,147,565	2,906,214
Goodwill	-	-	-	-
<b>Carrying amount of investment in associate</b>	<b>96,998</b>	<b>88,927</b>	<b>3,147,565</b>	<b>2,906,214</b>

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Immaterial Joint venture*

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

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

**11 Investments in subsidiaries**

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

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

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost – net		Dividend income	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Direct subsidiaries</b>										
Mermaid Subsea Services (Thailand) Ltd.	THB 2,130 million	THB 2,130 million	153,485	153,485	-	-	153,485	153,485	-	-
Mermaid Drilling Ltd.	THB 410 million	THB 410 million	14,074	14,074	(10,600)	(10,600)	3,474	3,474	-	-
Mermaid Drilling (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
MTR - 3 (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
MTR - 4 (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
Mermaid Maritime Mauritius Ltd.	USD 1	USD 1	-	-	(10,600)	(10,600)	-	-	-	-
<b>Total</b>			<b>167,559</b>	<b>167,559</b>	<b>(10,600)</b>	<b>(10,600)</b>	<b>156,959</b>	<b>156,959</b>	<b>-</b>	<b>-</b>

(in thousand US Dollar)

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of subsidiary	Paid - up capital		Cost		Impairment		At cost - net		Dividend income	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Indirect subsidiaries</b>										
Seascope Surveys Pte. Ltd.	SGD 100	SGD 100	14,268	14,268	(11,465)	(10,263)	2,803	4,005	-	-
PT Seascope Surveys Indonesia	IDR 7,328 million	IDR 7,328 million	200	200	(200)	-	-	200	-	-
Mermaid Subsea Services (Malaysia) Sdn. Bhd.	MYR 350 thousand	-	90	-	-	-	90	-	-	-
Mermaid Offshore Services Pte. Ltd.	USD 20,400 thousand	USD 20,400 thousand	20,400	20,400	(20,400)	(20,400)	-	-	-	-
MTR - 1 Ltd.	THB 240 million	THB 240 million	6,255	6,255	(6,255)	(6,255)	-	-	-	-
MTR - 2 Ltd.	THB 350 million	THB 350 million	8,334	8,334	(5,930)	(5,705)	2,404	2,629	-	-
Mermaid Drilling (Malaysia) Sdn. Bhd.	MYR 500 thousand	MYR 500 thousand	164	164	(164)	(164)	-	-	-	-
MTR - 1 (Singapore) Pte. Ltd.	USD 40 thousand	USD 40 thousand	40	40	-	-	40	40	-	-
Mermaid International Ventures	USD 100	USD 100	-	-	-	-	-	-	-	-
Mermaid Subsea Services (International) Ltd.	USD 1	USD 1	7,586	7,586	-	-	7,586	7,586	-	-
Mermaid Subsea Services Saudi Arabia Co., Ltd. (formerly Subtech Saudi Arabia Ltd.)	SAR 500 thousand	SAR 500 thousand	386	386	-	-	386	386	-	-
Mermaid Subsea Services LLC	QAR 200 thousand	QAR 200 thousand	55	55	-	-	55	55	-	-
<b>Total</b>			<b>57,778</b>	<b>57,688</b>	<b>(44,414)</b>	<b>(42,787)</b>	<b>13,364</b>	<b>14,901</b>	<b>-</b>	<b>-</b>



**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 12 Investment properties

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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

Notes to the financial statements  
For the year ended 31 December 2018

### 13 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		
<b>Cost</b>												
At 1 January 2017	590	3,240	2,252	114,568	3,239	1,710	336,068	42,604	2,869	1,641	508,781	
Additions	-	-	-	522	251	248	-	7	4	2,974	4,006	
Transfers	-	-	-	1,361	2	-	-	-	-	(1,363)	-	
Disposals	-	-	-	(121)	(13)	(39)	-	-	-	-	(173)	
Write off	-	-	(23)	(3)	-	-	-	-	-	(31)	(57)	
<b>At 31 December 2017 and 1 January 2018</b>	<b>590</b>	<b>3,240</b>	<b>2,229</b>	<b>116,327</b>	<b>3,479</b>	<b>1,919</b>	<b>336,068</b>	<b>42,611</b>	<b>2,873</b>	<b>3,221</b>	<b>512,557</b>	
Additions	-	-	-	863	328	2	2	4,846	220	565	6,826	
Transfers	-	-	-	783	-	-	-	1,076	-	(1,859)	-	
Disposals	-	-	-	(30,541)	(10)	(134)	(39,159)	(15,706)	-	-	(85,550)	
Write off	-	-	(238)	(381)	(106)	(7)	-	(5,516)	-	-	(6,248)	
<b>At 31 December 2018</b>	<b>590</b>	<b>3,240</b>	<b>1,991</b>	<b>87,051</b>	<b>3,691</b>	<b>1,780</b>	<b>296,911</b>	<b>27,311</b>	<b>3,093</b>	<b>1,927</b>	<b>427,585</b>	



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### Consolidated financial statements

#### Offshore

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2018

#### Consolidated financial statements

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



## Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 December 2018

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

**Security**

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 December 2018

## Separate financial statements

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**Separate financial statements**

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 14 Goodwill

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

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

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

#### Seascope CGU

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

The recoverable amount of MSSI CGU estimated using the value in use method was greater than the total carrying amount of MSSI CGU and the goodwill allocated to it. As a result, goodwill allocated to MSSI CGU was not impaired as at 31 December 2018 and 2017. The cash flows were projected over a period of 5 years before a terminal growth rate was applied there after. The key assumptions used in the estimation of MSSI CGU's value in use were as follows:

	<b>Consolidated financial statements</b>	
	2018	2017
Discount rate	10.75 (%)	10.75
Terminal value growth rate	0	0

**15 Intangible assets**

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### 16 Deferred tax

Deferred tax assets as at 31 December were as follows:

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

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

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

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

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

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



# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

	Consolidated financial statements (Charged) / Credited to :				At 31 December 2018
	At 1 January 2018	Profit or loss	Other comprehensive income (note 27) (in thousand Baht)	Translation adjustments	
<i>Deferred tax assets</i>					
Property, plant and equipment	10,033	(4,416)	-	(3)	5,614
Provisions	11,275	-	-	(80)	11,195
Retirement benefits obligation	10,589	(1,805)	-	(55)	8,729
Loss carry forward	48,825	-	-	(345)	48,480
<b>Total</b>	<b>80,722</b>	<b>(6,221)</b>	<b>-</b>	<b>(483)</b>	<b>74,018</b>

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

	Consolidated financial statements (Charged) / Credited to :				At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income (note 27) (in thousand Baht)	Translation adjustments	
<i>Deferred tax assets</i>					
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
<b>Total</b>	<b>87,714</b>	<b>(385)</b>	<b>1,340</b>	<b>(7,947)</b>	<b>80,722</b>

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

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

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

	<b>Consolidated financial statements</b>			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Tax losses	13,644	11,435	447,686	376,760
Impairment losses on property, plant and equipment and related supplies and spare parts	9,434	17,240	309,547	568,025
Impairment losses on goodwill	1,614	1,614	52,958	53,178
Bad and doubtful debts	9	9	295	297
<b>Total</b>	<b>24,701</b>	<b>30,298</b>	<b>810,486</b>	<b>998,260</b>

	<b>Separate financial statements</b>			
	2018 (in thousand US Dollar)	2017	2018 (in thousand Baht)	2017
Impairment losses on investments in subsidiaries	2,120	2,120	69,561	69,850
Tax losses	1,565	972	51,351	32,025
Bad and doubtful debts	258	272	8,465	8,962
<b>Total</b>	<b>3,943</b>	<b>3,364</b>	<b>129,377</b>	<b>110,837</b>

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2018

As at 31 December 2018, the Group had temporary differences arising from the unutilised tax losses carry forward which have not been recognised as deferred tax assets because it is not probable that the Group will be able to utilise the tax benefit in the foreseeable future. The tax losses will expire according to the following schedule:

Year of expiry	Tax losses	
	(in thousand US Dollar)	(in thousand Baht)
2019	1,027	33,698
2020	8,843	290,156
2021	3,712	121,798
2022	11,789	386,820
2023	42,847	1,405,892
	<b>68,218</b>	<b>2,238,364</b>

### 17 Interest-bearing liabilities

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

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

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

## Mermaid Maritime Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2018

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

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

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

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

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

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

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Finance lease liabilities*

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

	Consolidated financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand US Dollar)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	54	(7)	47	55	(8)	47
After one year but within five years	48	(8)	40	107	(15)	92
<b>Total</b>	<b>102</b>	<b>(15)</b>	<b>87</b>	<b>162</b>	<b>(23)</b>	<b>139</b>

	Consolidated financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,752	(227)	1,525	1,797	(261)	1,536
After one year but within five years	1,558	(260)	1,298	3,497	(490)	3,007
<b>Total</b>	<b>3,310</b>	<b>(487)</b>	<b>2,823</b>	<b>5,294</b>	<b>(751)</b>	<b>4,543</b>

**Measurement of fair value**

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

The fair value measurement for loans from financial institutions as at 31 December 2018 of US Dollar 70.08 million or equivalent to Baht 2,285.61 million (2017: US Dollar 73.26 million or equivalent to Baht 2,394.06 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**18 Other accounts payable**

	<i>Note</i>	<b>Consolidated financial statements</b>			
		2018 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand Baht)</i>	2017 <i>(in thousand Baht)</i>
Related parties	4	6	6	195	196
<b>Other parties</b>					
- Accrued project cost		10,289	9,887	333,876	323,116
- Accrued salary		2,242	2,310	72,752	75,493
- Accrued consulting fee		1,560	1,686	50,622	55,100
- Withholding tax payables		1,183	2,306	38,388	75,362
- Non-trade accounts payable		752	1,594	24,402	52,093
- Others		2,960	4,290	96,052	140,201
<b>Total</b>		<b>18,992</b>	<b>22,079</b>	<b>616,287</b>	<b>721,561</b>
	<i>Note</i>	<b>Separate financial statements</b>			
		2018 <i>(in thousand US Dollar)</i>	2017 <i>(in thousand US Dollar)</i>	2018 <i>(in thousand Baht)</i>	2017 <i>(in thousand Baht)</i>
Related parties	4	18	7	584	229
<b>Other parties</b>					
- Accrued bonus		151	123	4,900	4,020
- Accrued consulting fee		105	-	3,407	-
- Others		471	456	15,284	14,903
<b>Total</b>		<b>745</b>	<b>586</b>	<b>24,175</b>	<b>19,152</b>

**19 Provisions for employee benefits**

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

*Thailand legal severance plan*

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

*Retirement benefit*

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

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
Present value of unfunded obligations	2,736	2,476	88,782	80,918
Actuarial gains	(232)	(232)	(7,528)	(7,582)
<b>Statement of financial position obligation</b>	<b>2,504</b>	<b>2,244</b>	<b>81,254</b>	<b>73,336</b>
	<b>Separate financial statements</b>			
	2018 <i>(in thousand US Dollar)</i>	2017	2018 <i>(in thousand Baht)</i>	2017
Present value of unfunded obligations	237	219	7,690	7,157
Actuarial gains	(132)	(132)	(4,283)	(4,314)
<b>Statement of financial position obligation</b>	<b>105</b>	<b>87</b>	<b>3,407</b>	<b>2,843</b>

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Movement in the present value of the defined benefit obligations:

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

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



**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

**Actuarial assumptions**

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

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

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.

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

**20 Share capital**

	Par value per share <i>(in Baht)</i>	<b>Consolidated and Separate financial statements</b>	
		2018	2017
<b>Authorised</b>		<i>(in thousand Baht/thousand shares)</i>	
At 1 January			
- ordinary shares	1	<u>1,416,701</u>	<u>1,416,701</u>
At 31 December			
- ordinary shares	1	<u><b>1,416,701</b></u>	<u><b>1,416,701</b></u>
<b>Issued and paid</b>			
At 1 January			
- ordinary shares	1	<u>1,413,329</u>	<u>1,413,329</u>
At 31 December			
- ordinary shares	1	<u><b>1,413,329</b></u>	<u><b>1,413,329</b></u>

**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.

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**21 Reserves**

Reserves comprise:

*Appropriations of profit and/or retained earnings*

**Legal reserve**

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

**Difference arising from common control transactions**

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

*Other components of equity*

**Currency translation differences**

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

**Movements in reserves**

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

**22 Segment information**

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

Business segments

The Group comprises the following main business segments:

Segment 1	Subsea group
Segment 2	Drilling group
Segment 3	Holding



# Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 December 2018

	Consolidated financial statements as at 31 December 2018					
	Subsea group	Drilling group	Holding <i>(in thousand US Dollar)</i>	Total	Elimination	Group
Interest-bearing liabilities	67,812	-	-	67,812	-	67,812
Unallocated liabilities	<b>67,812</b>	-	-	<b>67,812</b>	-	<b>67,812</b>
<b>Total liabilities</b>						<b>26,891</b>
						<b>94,703</b>
Capital expenditure	6,915	-	15	6,930	-	6,930
Depreciation	18,223	6	(28)	18,201	-	18,201
Amortisation	76	1	22	99	-	99
Gain on disposal property, plant and equipment	431	(1)	-	430	(189)	241
Reversal of impairment losses on assets	-	1,800	-	1,800	-	1,800









**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	Consolidated financial statements as at 31 December 2018					
	Subsea group	Drilling group	Holding <i>(in thousand Baht)</i>	Total	Elimination	Group
Interest-bearing liabilities	2,200,485	-	-	2,200,485	-	2,200,485
Unallocated liabilities	<b>2,200,485</b>	-	-	<b>2,200,485</b>	-	<b>2,200,485</b>
<b>Total liabilities</b>						<b>872,607</b>
Capital expenditure	224,391	-	487	224,878	-	224,878
Depreciation	589,483	194	(1,152)	588,525	-	588,525
Amortisation	2,455	32	709	3,196	-	3,196
Gain on disposal property, plant and equipment	13,661	(32)	-	13,629	(6,032)	7,597
Reversal of impairment losses on assets	-	56,774	-	56,774	-	56,774

## Mermaid Maritime Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 December 2018

	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 rendering of 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	<b>(153,361)</b>	<b>(13,014)</b>	<b>362,442</b>	<b>196,067</b>	<b>(51,957)</b>	<b>144,110</b>
	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	<b>9,322,913</b>	<b>103,108</b>	<b>3,799,449</b>	<b>13,225,470</b>	-	<b>13,225,470</b>
<b>Total assets</b>						<b>1,517,800</b>
						<b>14,743,270</b>

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	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	<b>2,606,433</b>	-	-	<b>2,606,433</b>	-	<b>2,606,433</b>
<b>Total liabilities</b>						<b>953,955</b>
						<b>3,560,388</b>
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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***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.

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

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

***Major customer***

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**23 Cost of rendering of services**

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

**24 Administrative expenses**

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**25 Employee benefit expense**

	<b>Consolidated financial statements</b>			
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Crew expenses and subcontractor	44,137	48,914	1,428,875	1,663,605
Wages and salaries	8,621	12,322	278,873	418,294
Staff welfare	2,023	1,857	65,540	63,104
Contribution to defined contribution plans and social security and expenses related to define benefit plans	975	730	31,611	25,062
Bonus	10	609	484	20,405
Others	396	389	12,772	13,075
<b>Total</b>	<b>56,162</b>	<b>64,821</b>	<b>1,818,155</b>	<b>2,203,545</b>
	<b>Separate financial statements</b>			
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
Wages and salaries	1,757	1,626	56,699	55,084
Staff welfare	328	249	10,599	8,447
Bonus	178	100	5,730	3,449
Contribution to defined contribution plans and social security and expenses related to define benefit plans	145	125	4,680	4,224
Others	157	186	5,075	6,190
<b>Total</b>	<b>2,565</b>	<b>2,286</b>	<b>82,783</b>	<b>77,394</b>

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

**26 Finance costs**

	<b>Consolidated financial statements</b>			
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>		<i>(in thousand Baht)</i>	
<b>Interest expenses:</b>				
Bank loans	3,779	3,467	122,139	117,620
<b>Total interest expense</b>	<b>3,779</b>	<b>3,467</b>	<b>122,139</b>	<b>117,620</b>
Amortisation of front-end fees	110	110	3,554	3,734
Interest expense from finance lease	8	6	262	203
<b>Total</b>	<b>3,897</b>	<b>3,583</b>	<b>125,955</b>	<b>121,557</b>

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**27 Income tax expense**

*Income tax recognized in profit or loss*

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

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

*Income tax recognized in other comprehensive income*

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***Reconciliation of effective tax rate***

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

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



## Mermaid Maritime Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2018

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

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

#### *Income tax reduction*

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

## 28 Promotional privileges

As at 31 December 2018, a subsidiary in Thailand received promotional privileges from the Thailand Board of Investment (“BOI”) under a number of different categories, including services of submerged and drilling structure inspection and marine transportation services. The main privileges include exemption from payment of import duty on machinery and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived, or when approval is given by the BOI.

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**29 Earnings per share**

*Basic earnings per share*

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

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

**30 Financial instruments**

*Financial risk management policies*

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***Capital management***

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

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (Note 17).

***Foreign currency risk***

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

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

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

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand US Dollar)</i>			
<b>Indonesian Rupiah</b>				
Cash and cash equivalents	27	81	-	-
Trade accounts receivable	149	260	-	-
Trade accounts payable	(62)	(296)	-	-
Other accounts payable	(501)	(512)	-	-
Current portion of finance lease liabilities	(47)	-	-	-
Finance lease liabilities	(40)	(139)	-	-
<b>Gross balance sheet exposure</b>	<b>(474)</b>	<b>(606)</b>	<b>-</b>	<b>-</b>

### **Credit risk**

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

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

### **Liquidity risk**

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

### **Carrying amount and fair values**

As at 31 December 2018 and 2017, except for equity securities held for trading disclosed in Note 6 and loans from financial institutions disclosed in Note 17, the fair value of financial assets and liabilities are taken to approximate the carrying values due to the relatively short-term maturity of these financial assets and liabilities.

## **31 Guarantees**

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

	Consolidated financial statements					
	2018		2017			
	thousand Baht	thousand USD	thousand QAR	thousand Baht	thousand USD	thousand QAR
Letters of guarantee issued by financial institutions in the normal course of business	15,600	13,824	-	19,990	13,576	46
Guarantee for long-term loans of subsidiaries to financial institutions	-	68,000	-	-	80,000	-

# Mermaid Maritime Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

	Separate financial statements			
	2018		2017	
	thousand Baht	thousand USD	thousand Baht	thousand USD
Letters of guarantee issued by financial institutions in the normal course of business	400	8,750	400	8,750
Guarantee for long-term loans of subsidiaries to financial institutions	-	68,000	-	80,000

### 32 Commitments with non-related parties

(a) *Capital commitments*

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

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

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

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

**Mermaid Maritime Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**33 Thai Financial Reporting Standards (TFRS) not yet adopted**

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

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

\* TFRS - Financial instruments standards

**(a) TFRS 15 Revenue from Contracts with Customers**

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

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

**(b) TFRS - Financial instruments standards**

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

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.