

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

## **INDEPENDENT AUDITOR'S REPORT**

To    The Shareholders and Board of Directors of  
Asian Marine Services Public Company Limited

### **Opinion**

I have audited the consolidated financial statements of Asian Marine Services Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Asian Marine Services Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Asian Marine Services Public Company Limited and its subsidiaries as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Asian Marine Services Public Company Limited as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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 our professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### **Revenue recognition from shipbuilding and ship repairing**

The Company's main business operations are shipbuilding and ship repairing. The Company has recognized the revenue from providing services on shipbuilding and ship repairing by the percentage of completion method based on the assessment of completion of physical proportion of work under the contract by its engineer. As the income account is a significant transaction to the financial statements as a whole. As at December 31, 2016, the Company has earned the revenue from shipbuilding and ship repairing amounting to Baht 599.61 million. The completion work estimation by the engineer of the Company requires judgment and experience of the engineer and a basis in comparing the work completion with the actual cost. I have paid special attention in the recognition of revenue from shipbuilding and ship repairing.

#### **Risk response by auditor**

Regarding my audit approach, I have audited and assessed the appropriateness of preparing the percentage of completion by the engineer, comparing the work completion with the actual cost and the observing of the work progress of the construction in progress. I have paid attention to the adequacy of the disclosure of information related to the revenue from shipbuilding and ship repairing. The disclosure of information related to the revenue from service employment is stated in Note 7 in the notes to the financial statements. I have applied such audit approach and reach a conclusion that the Company has appropriately recognized its revenue.

### **Assets acquisition**

According to Note 12 in the notes to the financial statements, the Company has acquired the assets in Surat Thani Province from the third party to expand the work in the southern region amounting to Baht 130 million or 18.52% of the total assets. The Company has recorded the assets by an independent appraiser amounting to Baht 120.32 million. Such transaction is the assets acquisition that is a significant transaction that occurred during the year. I have paid attention to the transaction recording and the disclosure of information in the financial statements.

#### **Risk response by the auditor**

According to my audit approach on such matters, I have inquired the management about the objectives from entering into acquiring such assets acquisition and audited the minutes of the Board of Directors' Meeting, the resolution on approved transactions, checked the principle and approach of the assets appraiser, including assessing the estimate assumption applied by the appraiser in considering the fair value of assets. It includes auditing the reasonableness of the basis for the assumption applied by the appraiser and observing the count for the existence and condition of the acquired assets, checking the assets purchasing agreement, evidence of payment, and considering the adequacy of the disclosure of information related to the assets acquisition.

**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 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 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 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 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 in order for those charged with governance to correct the misstatement.

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

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

In preparing the consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, 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 financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 Standards on Auditing 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 financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements 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 financial statements 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 financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements 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 we 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 financial statements 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.

(Mr. Pojana Asavasontichai)

Certified Public Accountant

Registration No. 4891

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 24, 2017

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2016**

(Unit: Baht)

		<b>Consolidated</b>		<b>The Company Only</b>	
		As at December	As at December	As at December	As at December
	<u>Note</u>	31, 2016	31, 2015	31, 2016	31, 2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		36,896,582	79,343,499	8,567,918	62,546,080
Trade accounts receivable	6				
Related parties	5, 6	2,242,092	11,215,645	3,542,092	11,380,291
Unrelated parties		41,297,915	40,311,451	41,297,915	39,711,451
Less: Allowance for doubtful accounts		(11,233,005)	(19,361,255)	(11,233,005)	(19,361,255)
Total trade accounts receivable	6	32,307,002	32,165,841	33,607,002	31,730,487
Unbilled complete construction in progress					
Related parties	5	2,401,142	1,578,618	2,808,681	1,605,438
Unrelated parties		91,516,102	46,020,519	91,476,102	45,540,597
Total unbilled complete construction in progress	7	93,917,244	47,599,137	94,284,783	47,146,035
Other receivables - related parties	5	62,060	605,473	1,918,229	6,469,330
Inventories	8	24,021,125	24,849,447	23,731,878	24,631,823
Other current assets					
Advance payment for purchase of goods		17,900,853	2,092,019	17,900,853	2,092,019
Account receivable Revenue Department		1,192,798	715,300	1,189,467	664,909
Others		4,985,431	3,876,029	5,018,200	4,238,417
<b>Total current assets</b>		<b>211,283,095</b>	<b>191,246,745</b>	<b>186,218,330</b>	<b>179,519,100</b>
<b>Non-current assets</b>					
Restricted bank deposits	9	2,947,290	8,304,453	2,947,290	8,304,453
Installment receivable for ship repair	10	-	-	-	-
Investments in subsidiaries for under the cost method	11	-	-	26,882,479	21,883,179
Property, plant and equipment	12	397,897,161	251,306,450	396,450,866	248,926,040
Leasehold right of land and building	13	26,981,469	28,049,344	26,981,469	28,049,344
Intangible assets	14	14,994,420	6,959,843	14,994,420	6,959,843
Assets held for sale	15	19,123,330	19,864,092	19,123,330	19,864,092
Deferred tax assets	16	7,343,969	10,592,290	7,235,155	10,493,024
Withholding tax deducted at source	17	10,854,730	5,403,128	7,982,489	42,960
Other non-current assets		9,875,087	8,089,218	8,875,087	7,089,218
<b>Total non-current assets</b>		<b>490,017,456</b>	<b>338,568,818</b>	<b>511,472,585</b>	<b>351,612,153</b>
<b>Total assets</b>		<b>701,300,551</b>	<b>529,815,563</b>	<b>697,690,915</b>	<b>531,131,253</b>

Notes to financial statements form an integral part of these statements.

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (Continued)**

**AS AT DECEMBER 31, 2016**

(Unit: Baht)

		Consolidated		The Company Only	
		As at December	As at December	As at December	As at December
Note		31, 2016	31, 2015	31, 2016	31, 2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	18	10,000,000	-	10,000,000	-
Trust receipts payable	18	53,060,260	-	53,060,260	-
Trade accounts payable					
Related parties	5	-	144,450	11,367,925	15,270,840
Unrelated parties		45,523,320	26,754,649	44,240,970	25,242,203
Total trade accounts payable		45,523,320	26,899,099	55,608,895	40,513,043
Accrued construction cost		2,427,180	1,065,929	2,427,180	1,065,929
Current portion of liabilities under financial					
lease agreement		647,551	492,888	647,551	492,888
Current portion of long term loans from bank	20	12,350,000	-	12,350,000	-
Other current liabilities					
Advance received from customers	7	11,186,348	-	11,186,348	-
Accrued expenses		12,429,242	17,069,853	11,443,449	15,745,587
Accrued corporate income tax		160,283	7,210,667	-	7,210,667
Warranty provisions	19	1,462,819	18,550,114	1,264,075	18,550,114
Others		10,365,735	7,648,863	7,613,399	6,233,459
Total current liabilities		159,612,738	78,937,413	165,601,157	89,811,687
Non-current liabilities					
Liabilities under financial lease					
agreement - net of current portion		1,208,131	1,144,870	1,208,131	1,144,870
Long - term loans from bank	20	94,221,745	-	94,221,745	-
Employee benefit obligations	21	5,137,042	5,670,797	4,523,552	5,082,176
Other non-current liabilities		3,495,820	3,495,820	3,495,820	3,495,820
Total non-current liabilities		104,062,738	10,311,487	103,449,248	9,722,866
Total liabilities		263,675,476	89,248,900	269,050,405	99,534,553

Notes to financial statements form an integral part of these statements.



**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (Continued)**

**AS AT DECEMBER 31, 2016**

(Unit: Baht)

		<b>Consolidated</b>		<b>The Company Only</b>	
		As at December	As at December	As at December	As at December
	<u>Note</u>	31, 2016	31, 2015	31, 2016	31, 2015
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital					
Registered share capital					
(258,291,110 ordinary shares of Baht 1 each)		258,291,110	258,291,110	258,291,110	258,291,110
Issued and paid-up share capital					
(258,291,087 ordinary shares of Baht 1 each)		258,291,087	258,291,087	258,291,087	258,291,087
Retained earnings					
Appropriated					
Statutory reserve	22	25,829,111	25,029,532	25,829,111	25,029,532
Unappropriated		152,007,523	156,094,249	144,520,312	148,276,081
Other components of equity					
		-	-	-	-
Equity attributable to the parent company's shareholders		436,127,721	439,414,868	428,640,510	431,596,700
Non-controlling interests		1,497,354	1,151,795	-	-
<b>Total shareholders' equity</b>		<b>437,625,075</b>	<b>440,566,663</b>	<b>428,640,510</b>	<b>431,596,700</b>
<b>Total liabilities and shareholders' equity</b>		<b>701,300,551</b>	<b>529,815,563</b>	<b>697,690,915</b>	<b>531,131,253</b>

Notes to financial statements form an integral part of these statements.

ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit: Baht)

		Consolidated		The Company Only	
	Note	2016	2015	2016	2015
<b>Revenues</b>					
Service income		599,609,920	757,231,132	555,761,399	734,863,187
Other income		14,978,959	9,160,956	16,282,897	10,469,870
Gain on reversal of impairment of investments in subsidiary	11	-	-	4,999,300	-
Dividend received from subsidiary	11	-	-	9,281,904	-
<b>Total revenues</b>		<b>614,588,879</b>	<b>766,392,088</b>	<b>586,325,500</b>	<b>745,333,057</b>
<b>Expenses</b>					
Cost of services		421,594,009	489,599,160	406,405,206	489,224,089
Selling expenses		11,412,268	12,835,794	11,363,638	12,812,153
Administrative expenses		97,092,908	110,013,248	85,780,893	98,769,200
Loss on impairment of assets held for sale	15	740,762	16,323,168	740,762	16,323,168
Management remuneration	5	21,744,415	23,826,169	21,744,415	23,826,169
Finance costs		3,973,783	2,154,224	3,951,467	2,134,886
<b>Total expenses</b>		<b>556,558,145</b>	<b>654,751,763</b>	<b>529,986,381</b>	<b>643,089,665</b>
Income before tax expense (income)		58,030,734	111,640,325	56,339,119	102,243,392
Tax expense (income)	16	8,631,617	20,305,391	7,637,172	20,314,257
Profit for the year		<b>49,399,117</b>	<b>91,334,934</b>	<b>48,701,947</b>	<b>81,929,135</b>
Other comprehensive income					
Items that will not be reclassified to profit or loss		-	-	-	-
Total comprehensive income for the year		<b>49,399,117</b>	<b>91,334,934</b>	<b>48,701,947</b>	<b>81,929,135</b>
<b>Profit attributable to :</b>					
Parent company's shareholders		48,370,990	90,183,139	48,701,947	81,929,135
Non-controlling interests		1,028,127	1,151,795	-	-
		<b>49,399,117</b>	<b>91,334,934</b>	<b>48,701,947</b>	<b>81,929,135</b>
<b>Total comprehensive income attributable to :</b>					
Parent company's shareholders		48,370,990	90,183,139	48,701,947	81,929,135
Non-controlling interests		1,028,127	1,151,795	-	-
		<b>49,399,117</b>	<b>91,334,934</b>	<b>48,701,947</b>	<b>81,929,135</b>
<b>Earnings per share</b>					
	23				
Profit for the year of parent company's shareholders		48,370,990	90,183,139	48,701,947	81,929,135
Weighted average number of ordinary shares (Shares)		258,291,087	258,291,087	258,291,087	258,291,087
Basic earnings per share for the year (Baht per share)		0.19	0.35	0.19	0.32

Notes to financial statements form an integral part of these statements.

ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit: Baht)

	Note	Consolidated						
		Common shareholders					Non-controlling interests	
		Issued and paid up share capital	Retained earnings		Other components of equity			
			Appropriated- statutory reserve	Unappropriated	Other comprehensive			
					income	Total		
							Total	
Beginning balance, as at January 1, 2015		258,291,087	20,933,076	100,993,196	-	380,217,359	-	380,217,359
Total comprehensive income for the year								
Profit for the year 2015		-	-	90,183,139	-	90,183,139	1,151,795	91,334,934
Legal reserve	22	-	4,096,456	(4,096,456)	-	-	-	-
Dividend paid	28	-	-	(30,985,630)	-	(30,985,630)	-	(30,985,630)
Ending balance, as at December 31, 2015		258,291,087	25,029,532	156,094,249	-	439,414,868	1,151,795	440,566,663
Total comprehensive income for the year								
Profit for the year 2016		-	-	48,370,990	-	48,370,990	1,028,127	49,399,117
Legal reserve	22	-	799,579	(799,579)	-	-	-	-
Dividend paid	28	-	-	(51,658,137)	-	(51,658,137)	-	(51,658,137)
Interim dividend by subsidiary	11	-	-	-	-	-	(682,568)	(682,568)
Ending balance, as at December 31, 2016		258,291,087	25,829,111	152,007,523	-	436,127,721	1,497,354	437,625,075

Notes to financial statements form an integral part of these statements.

ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit: Baht)

The Company Only					
	Note	Issued and paid-up share capital	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
				other components of equity other comprehensive income	
<b>Beginning balance, as at January 1, 2015</b>		258,291,087	20,933,076	101,429,032	380,653,195
Total comprehensive income for the year					
Profit (loss) for the year 2015		-	-	81,929,135	81,929,135
Legal reserve	22	-	4,096,456	(4,096,456)	-
Dividend paid	28	-	-	(30,985,630)	(30,985,630)
<b>Ending balance, as at December 31, 2015</b>		258,291,087	25,029,532	148,276,081	431,596,700
Total comprehensive income for the year					
Profit (loss) for the year 2016		-	-	48,701,947	48,701,947
Legal reserve	22	-	799,579	(799,579)	-
Dividend paid	28	-	-	(51,658,137)	(51,658,137)
<b>Ending balance, as at December 31, 2016</b>		258,291,087	25,829,111	144,520,312	428,640,510

Notes to financial statements form an integral part of these statements.

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

(Unit: Baht)

	<b>Consolidated</b>		<b>The Company Only</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	49,399,117	91,334,934	48,701,947	81,929,135
Adjustments to reconcile net profit (loss) to net cash provided by (paid from) operating activities: -				
Allowance for doubtful accounts (reversal)	(2,572,770)	(2,220,808)	(2,572,770)	(2,220,808)
Stock obsolescence (decrease)	327,999	(525,056)	327,999	(525,056)
Depreciation and amortization	34,922,772	34,441,639	33,700,083	31,902,404
Loss (gain) on sale of fixed assets	(1,072,255)	(217,766)	(1,102,421)	(215,520)
Loss on fixed assets write-off	608,470	1,005,037	13,498	356,424
Loss on impairment of asset held for sale	740,762	16,323,168	740,762	16,323,168
Gain on reversal of impairment of Investment in Subsidiary	-	-	(4,999,300)	-
Warranty provisions	1,978,869	20,439,026	1,500,000	20,439,026
Warranty provisions (reversal)	(11,947,447)	-	(11,947,447)	-
Unrealized foreign exchange loss (gain)	259,011	(914,513)	259,011	(914,513)
Employee benefits obligations	699,529	733,381	651,881	687,809
Dividend income	-	-	(9,281,904)	-
Investment income	(485,519)	(587,646)	(365,406)	(551,023)
Finance cost	3,973,783	2,154,224	3,951,467	2,134,886
Tax expense (income)	8,631,617	20,305,391	7,637,172	20,314,257
Income from operating activities before changes in operating assets and liabilities	85,463,938	182,271,011	67,214,572	169,660,189
Decrease (increase) in operating assets				
Trade accounts receivable	2,431,609	18,711,680	696,255	19,606,868
Installment receivable for ship repair		-		-
Unbilled income	(46,318,107)	(3,719,057)	(47,138,748)	(3,265,955)
Other receivables - related parties	543,413	(507,726)	4,551,101	13,641,413
Inventories	500,323	(4,615,548)	571,946	(4,970,181)
Advance payment for purchase of goods	(15,808,834)	34,465,440	(15,808,834)	34,465,440
Other current assets	(1,592,037)	1,745,042	(1,312,971)	2,310,252
Other non-current assets	(1,785,869)	(131,500)	(1,785,869)	(131,500)

Notes to financial statements form an integral part of these statements.

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

(Unit: Baht)

	<b>Consolidated</b>		<b>The Company Only</b>	
	2016	2015	2016	2015
Increase (decrease) in operating liabilities				
Trade accounts payable	18,624,221	(13,376,748)	15,095,852	(23,966,358)
Accrued cost of construction	1,361,251	751,382	1,361,251	751,382
Advance received from customers	11,186,348	(33,084,311)	11,186,348	(33,084,311)
Other current liabilities	(2,122,270)	740,104	(3,120,728)	1,478,551
Cash received (paid) from operating activities	52,483,986	183,249,769	31,510,175	176,495,790
Corporate income taxes paid	(21,040,017)	(20,888,245)	(19,572,459)	(18,974,365)
Cash refund from withholding tax refunded	2,546,265	4,540,809	29,462	-
Warranty provisions paid	(7,118,717)	(7,183,815)	(6,838,592)	(7,183,815)
Employee benefit obligations paid	(1,658,494)	(3,680,470)	(1,613,400)	(3,680,470)
Net cash from (used in) operating activities	25,213,023	156,038,048	3,515,186	146,657,140
<b>Cash flows from investing activities</b>				
(Increase) decrease in fixed deposit	5,357,163	23,109,567	5,357,163	17,043,873
Cash paid for purchase of fixed assets	(180,933,509)	(17,563,028)	(180,608,802)	(16,927,085)
Proceeds from sale of fixed assets	1,138,597	637,877	1,132,630	627,877
Cash paid for purchase of intangible assets	(6,356,892)	(301,000)	(6,356,892)	(301,000)
Received for dividened in subsidiary	-	-	9,281,904	-
Interest received	490,656	593,981	374,036	557,358
Net cash from (used in) investing activities	(180,303,985)	6,477,397	(170,819,961)	1,001,023
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	10,000,000	(71,265,787)	10,000,000	(71,265,787)
Increase (decrease) in trust receipts payable	53,001,634	(19,805,303)	53,001,634	(19,805,303)
Repayment of hire-purchase payable	(1,038,202)	(1,064,829)	(1,038,202)	(1,064,829)
Received for long - term loans from bank	106,571,745	-	106,571,745	-
Dividend paid	(51,459,607)	(30,877,471)	(51,459,607)	(30,877,471)
Dividend payment from subsidiary to non - controlling interests	(682,568)	-	-	-
Interest paid	(3,548,572)	(1,724,189)	(3,548,572)	(1,724,117)
Net cash from (used in) financing activities	112,844,430	(124,737,579)	113,526,998	(124,737,507)

Notes to financial statements form an integral part of these statements.

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (Continued)**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

(Unit: Baht)

	<b>Consolidated</b>		<b>The Company Only</b>	
	2016	2015	2016	2015
Net increase (decrease) in cash and cash equivalents	(42,246,532)	37,777,866	(53,777,777)	22,920,656
Unrealized gain (loss) on exchange rate				
from deposit in foreign currency	(200,385)	(72,391)	(200,385)	(72,391)
Cash and cash equivalents at the beginning of the year	79,343,499	41,638,024	62,546,080	39,697,815
Cash and cash equivalents at the end of the year	36,896,582	79,343,499	8,567,918	62,546,080
<b>Supplemental disclosure of cash flows information: -</b>				
1. Cash and cash equivalents consisted of: -				
Cash on hand	206,854	185,000	180,000	150,000
Cash at bank - Savings account	14,475,872	29,855,787	7,168,753	13,726,667
- Current account	2,168,349	4,287,167	1,173,658	3,653,868
Fixed deposit 3 months or less	45,507	15,545	45,507	15,545
Promissory note - not over 3 months	20,000,000	-	-	-
Bill of exchange - not over 3 months	-	45,000,000	-	45,000,000
	36,896,582	79,343,499	8,567,918	62,546,080
2. Non-cash items consisted of :-				
Purchase of fixed assets by mean of financial				
lease agreement	1,256,126	2,239,238	1,256,126	2,239,238

Notes to financial statements form an integral part of these statements.

**ASIAN MARINE SERVICES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**1. GENERAL INFORMATION**

**1.1 Legal status and address**

Asian Marine Services Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand.

The address of its registered office is as follows:

128 Moo 3 Suksawad Road, Leamfapa, Prasamutjedee, Samutprakarn, Thailand.

**1.2 Nature of the Company’s business**

The main business activities are principally engaged in the shipbuilding and ship repair services.

**1.3 Major shareholder**

The major shareholder is Tanphaibul Company Limited, a company incorporated in Thailand.

**1.4 Data of employees**

As at December 31, 2016 and 2015, the numbers of employees of the Company and its subsidiaries approximate 416 persons and 409 persons, respectively. (The Company Only : 315 persons and 301 persons, respectively)

The staff costs for the year 2016 and 2015 amounted to Baht 100.2 million and Baht 112.0 million, respectively (The Company Only : Baht 79.4 million and Baht 87.3 million, respectively), The staff costs were consisted of salary, wages, bonus, contributions to social security fund, provident fund, benefits and welfare.

**2. BASIS OF FINANCIAL STATEMENT PREPARATION**

**2.1 Basis for preparation of the financial statements**

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.



## 2.2 The new and revised accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2016 are as follows:

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-Based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources

TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Company and its subsidiaries evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

### 3. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and the following subsidiaries which were incorporated in Thailand.

Company's name	Nature of business	Percentage of shareholding		Percentage of assets included in total assets as at		Percentage of revenues included in total revenues for the years	
		2016	2015	2016	2015	2016	2015
		Percent	Percent	Percent	Percent	Percent	Percent
General Marine Co., Ltd.	Agent of machinery and equipment for marine service	100	100	0.83	1.11	1.44	0.00
Asimar Marine Co., Ltd.	Subcontractor of ship repair	100	100	1.95	2.95	5.31	4.58
Eco Marine Co., Ltd.	Pollution control and environmental management services	93	93	3.72	3.82	13.55	6.65

- The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.
- Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Revenue recognition

The Company recognized service income by the percentage of completion method based on the assessment of completion of physical proportion of work under the contract by its engineer. The provision for the total anticipated loss on ship building and ship repair will be made in the accounts when the possibility of loss is ascertained. The recognized revenue which has not yet been due as per contract is presented under the caption of "Unbilled complete construction in progress" in the statements of financial position.

Rental income and Dockage charges are recognized by the subsidiaries on an accrual basis, and service revenue is recognized by the subsidiaries when services have been rendered taking into account the stage of completion.

Interest income is recognized on an accrued basis, based on the effective rate method.

Other income is recognized on an accrual basis.

#### **4.2 Cost of services**

Cost of services are determined by allocating cost of material, direct labour and overhead as anticipated to be incurred for the whole project and recognizing as cost of services in the income statements in proportion to percentage of completion.

The recognized cost of services which has not yet been paid has been shown under the caption of "Accrued construction cost" in the statements of financial position. In case that the cost of service according to the percentage of completion method is lower than the incurring cost of service, it will be shown as "work in process" under the inventory account in the statement of financial position.

#### **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at financial institutions, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.4 Trade accounts receivable and allowance for doubtful accounts**

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of each debtor aging that is expected to have collection problem.

#### **4.5 Inventories**

Inventories are valued at the lower of cost and net realizable value. Costs of raw materials and semi-raw materials are determined on the first-in, first-out basis and are charged to cost of ship building or ship repair whenever consumed.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

Allowance for obsolete stock is set up at the rate 100 percents for old, slow-moving, deteriorated and at the rate 20 percents for unmovable inventories over 2 years.

#### 4.6 Trade accounts receivable - installment

Account Receivable - installment are stated at the value is calculated from future cash flows are discounted using interest rate for the Company's capital. The difference between fair value and investment in account receivable are include in determining income.

#### 4.7 Investments in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements.

#### 4.8 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives and remaining value at the disabled of the assets are as follows:-

	<u>Years</u>	<u>Residual Value at disabled date</u>
Floating dockyards	20	Estimated by the engineer
Building and other constructions	5 - 20	Estimated by the engineer
Building improvements	5 - 20	-
Machinery and equipments	2 - 5	Estimated by the engineer
Furniture and fixtures	2 - 5	-
Marine and motor vehicles	5 - 10	-

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

#### **4.9 Borrowing costs**

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

#### **4.10 Leasehold right of land and building and amortization**

Leasehold right of land and building are stated at cost less accumulated amortization.

Amortization of leasehold right of land and building is calculated by reference to cost on a straight-line basis over the leasehold right period 30 years.

#### **4.11 Intangible assets and amortization**

Intangible assets that are acquired by the Company with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any). Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Know-how for use in building pollution control ships	10 years
Software (Application software)	3 -10 years

#### **4.12 Assets held for sale**

Assets held for sale are stated at the cost less allowance for loss on impairment of assets (if any).

#### **4.13 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### **4.14 Derivatives**

Forward exchange contracts to reduce its exposure from exchange rate on cash flow of a part of account receivable that dominated in foreign currency. As at the entered date of forward exchange contracts, the Company records its obligation on assets and liabilities in balance sheet and recognizes its variance on exchange rate under account "Premium or discount on cash flow hedging deferred account" which will be amortized on straight-line method through a term of its forward exchange contract. Exercised forward exchange contracts that occurred during the period are translated into Baht at the rates ruling on the transaction dates and recognized its realized gain/loss when delivered currency in determining income of incurring period. Forward exchange contracts outstanding at the statements of financial position date are presented as net transaction under account "Forward exchange contracts receivable/payables" and its unrealized gain/loss resulting from currency translation are recognized gain/loss in comprehensive income in the period in which it occurs.

#### **4.15 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the statement of financial position date are translated into Baht at the exchange rates ruling on the statement of financial position date.

Gains and losses on exchange are included in determining income.

#### **4.16 Impairment of assets**

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

#### **4.17 Employee benefits**

Short-term employee benefits

Salaries, wages, bonuses and contributions to social security fund are recognized as expenses when incurred.

Post-employment benefit (Defined Contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

#### Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments to employees upon retirement under the Company's article and labour law. The Company treated these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses for post-employment benefits of the employees are recognized in other comprehensive income.

The Company has opted to record the entire amount of this liability by recognizing the benefit upon retirement in the past as an expense on the straight - line basis throughout the period of 5 years (since in 2011 to 2015) in the statement of comprehensive income, in accordance with the transitional provisions of TAS 19

#### **4.18 Provisions**

Provisions are recognized when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.19 Corporate income tax**

##### Income tax

Income tax comprises current income tax and deferred tax.

##### Current tax

The Company records income tax expense, if any, based on the amount currently payable. Income tax is calculated in accordance with tax laws and at the rate 20% of net profit after deducting other income which is exempt from corporate income tax and adding back certain expenses and provisions which are forbidden expenses for tax computation purposes.

##### Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.



Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately.

#### **4.20 Using of Accounting Estimation**

Preparation of financial statements in conformity with the financial reporting standards requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. Significant estimated are as follows :

##### **Allowances for doubtful accounts**

Management provides adequate allowance for doubtful accounts for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of each debtor aging that is expected to have collection problem.

##### **Allowances for defective inventories and net realizable value**

Management maintains an allowance for defective inventories. The allowance is based on for obsolete stock is set up at the rate 100 percents for old, slow-moving, deteriorated and at the rate 20 percents for unmovable inventories over 2 years. The Company also maintains an allowance for below cost sale based on the consideration of estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

##### **Property, plant and equipment and intangible assets**

Management determines the estimated useful lives and residual values for the Company's property, plant and equipment, and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

Estimated for cost of project and percentage of completion

Management determines the estimated for cost of project and percentage of completion based on the assessment of completion of a physical proportion of work under the contract by its engineer. The provision for the total anticipated loss on ship building and ship repair will be made in the accounts when the possibility of loss is ascertained.

Provisions from the work guarantee

The management has set the provisions on the work guarantee from the damage that may arise. It is applied for the shipbuilding project that has been delivered by using the basis of cost expected to be paid according to the provisions determined by the engineers of the Company.

Assets held for sale

The management has set the provisions on allowance for impairment of assets held for sale from the deteriorated of assets. It is applied by the assumption according to period and is considered with the estimated of fair value by using the market price less the cost of sales.

#### 4.21 Operating lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight- line basis over the lease term.

### 5. RELATED PARTY TRANSACTIONS

During the years the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

	Million Baht		
<u>Transactions with subsidiaries</u>	2016	2015	Pricing Policy
(being eliminated from the consolidated financial statement)			
Shipbuilding income	3.74	28.0	Based on each subcontractor work order
Ship repair income	0.6	0.2	Price close to that charged to ordinary customers
Dividend received	9.3	-	Approval at the Board of Director Meeting of a subsidiary
Other income	3.1	1.9	Supervisor fee and office service fee amounted to Baht 7,000-50,000 per month and rental fee for storage room amounted to Baht 1,500 per month and supplies were sold at cost plus margin 3 - 10% and service income at cost plus margin 20%
Cost of services	31.9	34.7	Baht 300 - 450 per day per person and agreed upon basis
Purchase material	3.7	0.2	Cost plus margin 10-150%
<u>Transactions with related parties</u>			
Ship repair income	19.0	45.1	Price close to that charged to ordinary customers
Other income	-	0.1	Service income at cost plus margin 20%
Cost of service	0.3	-	Based on each subcontractor work order

The outstanding balances as at December 31, 2016 and 2015 between the Company and the related companies are as follows:

		(Unit: Baht)			
Relationship		Consolidated		The Company Only	
		2016	2015	2016	2015
<b><u>Trade accounts receivable - related parties</u></b>					
Eco Marine Co., Ltd.	Subsidiary	-	-	1,300,000	164,646
Seatran Ferry Co., Ltd.	Common directors	2,242,092	9,214,745	2,242,092	9,214,745
Seatran Discovery Co., Ltd.	Common directors	-	2,000,900	-	2,000,900
		<u>2,242,092</u>	<u>11,215,645</u>	<u>3,542,092</u>	<u>11,380,291</u>
<b><u>Unbilled complete construction in progress</u></b>					
Eco Marine Co., Ltd.	Subsidiary	-	-	407,539	26,820
Seatran Ferry Co., Ltd.	Common directors	2,381,142	754,432	2,381,142	754,432
Seatran Discovery Co., Ltd.	Common directors	20,000	120,000	20,000	120,000
Seatran Port Co., Ltd.	Common directors	-	704,186	-	704,186
		<u>2,401,142</u>	<u>1,578,618</u>	<u>2,808,681</u>	<u>1,605,438</u>
<b><u>Amounts due from related parties</u></b>					
Eco Marine Co., Ltd.	Subsidiary	-	-	70,166	1,829,711
Asimar Marine Co., Ltd.	Subsidiary	-	-	1,840,878	4,049,476
General Marine Co., Ltd.	Subsidiary	-	-	7,185	185
Seatran Ferry Co., Ltd.	Common directors	62,060	15,515	-	-
Seatran line Co., Ltd.	Common directors	-	589,958	-	589,958
		<u>62,060</u>	<u>605,473</u>	<u>1,918,229</u>	<u>6,469,330</u>
<b><u>Trade accounts payable - related parties</u></b>					
General Marine Co., Ltd.	Subsidiary	-	-	-	4,091,520
Eco Marine Co., Ltd.	Subsidiary	-	-	-	50,750
Asimar Marine Co., Ltd.	Subsidiary	-	-	11,367,925	10,984,120
Seatran Ferry Co., Ltd.	Common directors	-	144,450	-	144,450
		-	144,450	11,367,925	15,270,840

### **Management remuneration**

Management remuneration represents the benefit paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management remuneration for the years ended December 31, 2016 and 2015 are as follow;

		(Unit : Baht)			
		Consolidated		The Company only	
		2016	2015	2016	2015
Short-term employee benefits		21,479,848	23,573,092	21,479,848	23,573,092
Post employee benefits		264,567	253,077	264,567	253,077
Total		<u>21,744,415</u>	<u>23,826,169</u>	<u>21,744,415</u>	<u>23,826,169</u>

## 6. TRADE ACCOUNTS RECEIVABLE

			(Unit: Baht)	
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b><u>Trade accounts receivable - related parties</u></b>				
Trade account receivable - ship building	-	2,000,900	1,300,000	2,000,900
Trade accounts receivable - ship repair	2,242,092	9,214,745	2,242,092	9,379,391
Total	2,242,092	11,215,645	3,542,092	11,380,291
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Trade accounts receivable - ship repair	33,004,988	31,277,995	33,004,988	31,277,995
Trade accounts receivable - ship building	8,292,927	8,433,456	8,292,927	8,433,456
Trade accounts receivable - service	-	600,000	-	-
Total	41,297,915	40,311,451	41,297,915	39,711,451
Less: Allowance for doubtful accounts	(11,233,005)	(19,361,255)	(11,233,005)	(19,361,255)
Net	30,064,910	20,950,196	30,064,910	20,350,196
Total trade accounts receivable - net	32,307,002	32,165,841	33,607,002	31,730,487

The agings of the outstanding balances of trade accounts receivable as at December 31, 2016 and 2015, as classified by due dates, are as follows:

			(Unit: Baht)	
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b><u>Age of receivables</u></b>				
Undue	9,069,603	22,229,963	10,369,603	21,629,963
Not over 3 months	11,036,919	9,492,614	11,036,919	9,657,260
Over 3 months to 6 months	2,417,611	443,264	2,417,611	443,264
Over 6 months to 12 months	8,880,889	-	8,880,889	-
Over 12 months	12,134,985	19,361,255	12,134,985	19,361,255
Total	43,540,007	51,527,096	44,840,007	51,091,742
Less: Allowance for doubtful accounts	(11,233,005)	(19,361,255)	(11,233,005)	(19,361,255)
Net	32,307,002	32,165,841	33,607,002	31,730,487

The movements of allowance for doubtful accounts were as follows :-

			(Unit: Baht)	
	Consolidated		The Company Only	
	2016	2015	2016	2015
Beginning balance	(19,361,255)	(17,904,874)	(19,361,255)	(17,904,874)
Doubtful debt recovered	2,572,770	22,500	2,572,770	22,500
(Increase) decrease of allowance	5,555,480	(1,478,881)	5,555,480	(1,478,881)
Ending Balance	(11,233,005)	(19,361,255)	(11,233,005)	(19,361,255)

The Company and its subsidiaries have long time outstanding balances of trade accounts receivable, consisting of 7 debtors as at December 31, 2016 totaling Baht 12.1 million. (As at December 31, 2015 : Baht 19.4 million of 8 debtors). The Company and its subsidiaries have set aside an allowance for doubtful accounts in amount of approximately Baht 11.2 million (As at December 31, 2015 : Baht 19.4 million). These accounts are under a follow-up by the company and its subsidiaries.

## 7. UNBILLED COMPLETE CONSTRUCTION IN PROGRESS/ADVANCES RECEIVED FROM CUSTOMERS

			(Unit : Baht)	
	Consolidated		The Company Only	
	2016	2015	2016	2015
Revenue recognized in the years - Shipbuilding	205,758,199	359,949,087	243,194,180	387,986,470
- Ship repair	311,701,800	346,696,023	312,567,219	346,876,717
- Service	81,906,293	50,586,022	-	-
- Sale equipment for marine service	243,628	-	-	-

			(Unit : Baht)	
	Consolidated		The Company Only	
	2016	2015	2016	2015
Aggregate amount of cost incurred and recognized profit	205,758,199	539,134,812	243,194,180	567,172,195
Unbilled complete construction in progress for - Shipbuilding	73,097,449	-	73,097,449	-
- Ship repair	20,779,795	47,119,215	21,187,334	47,146,035
- Service	40,000	479,922	-	-
	93,917,244	47,599,137	94,284,783	47,146,035
Advances received from customers - Shipbuilding	6,600,000	-	6,600,000	-
- Ship repair	4,586,348	-	4,586,348	-
	11,186,348	-	11,186,348	-

For the year 2015, the Company has capitalized interest on the loan for construction as part of work in process of approximately Baht 1.99 million.

## 8. INVENTORIES

			(Unit: Baht)	
	Consolidated		The Company Only	
	2016	2015	2016	2015
Raw materials	23,250,666	22,037,629	22,961,419	21,899,422
Work in process	1,662,597	1,266,364	1,662,597	1,186,947
Goods in transit	-	2,109,593	-	2,109,593
Total	24,913,263	25,413,586	24,624,016	25,195,962
Less : Allowance for stock obsolescence	(892,138)	(564,139)	(892,138)	(564,139)
Net	24,021,125	24,849,447	23,731,878	24,631,823

Allowance for stock obsolescence and decline in value of inventories is changed during the year as follows :

	(Unit: Baht)			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Beginning balance	(564,139)	(1,089,195)	(564,139)	(1,089,195)
Increase	(327,999)	-	(327,999)	-
Decrease	-	525,056	-	525,056
Ending balance	<u>(892,138)</u>	<u>(564,139)</u>	<u>(892,138)</u>	<u>(564,139)</u>

	(Unit: Baht)			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Reversal of the decline in value of inventory for the year	-	(525,056)	-	(525,056)

## 9. RESTRICTED BANK DEPOSITS

As at December 31, 2016, the Company and its subsidiaries' time deposits at financial institutions amounted Baht 2.95 million (the Company only : 2.95 million Baht) have been pledged with banks to secure bank guarantees issued by banks on behalf of the Company.

## 10. INSTALLMENT RECEIVABLE - SHIP REPAIR

	(Unit: Baht)	
	Consolidated / The Company Only	
	2016	2015
Installment receivables for ship repair		
(as at December 31, 2015 : one trade debtor)	-	2,594,985
<u>Less</u> Allowance for doubtful accounts		<u>(2,594,985)</u>
Net	<u>-</u>	<u>-</u>

As at December 31, 2015 the Company had one trade account receivable of: -

During the years 2008 and 2009, the Company agreed to repair three ships from a local company engaged in the fuel transportation business in ASEAN, totaling Baht 103.45 million.

Later, on December 26, 2009 the Company and account receivable for ship repair had agreed to amend the repayment conditions of the remaining debt and the debtor agreed to transfer ownership in 1 ship at the agreed amount of Baht 43 million. This was appraised by SEC independent appraiser using the replacement cost method of Baht 51.0 million on the appraisal date November 2, 2009 in order to repay partial amount of the debt to the Company. As such, the remaining debt including interest Baht 9.76 million is to be repaid in monthly installments not less than Baht 2 million with interest rate 9% per annum. Since 2009 - 2010, this debtor had already settled payment of Baht 7.17 million with the value of debt balance amounting to Baht 2.59 million. Later, in 2011, the Company had provided an allowance for doubtful accounts in the full amount of the unpaid portion due to the payment default in the year. The transferred asset will be sold and the Company is now offering it for sale to other interested party, which needs to be modified to suit the commercial use to sell to the person who wants to buy it.

In the year 2016 the Company has written off the account receivable as bad debts totalling Baht 2.59 million.

## 11. INVESTMENTS IN SUBSIDIARIES FOR UNDER THE COST METHOD

These represent investments in ordinary shares in the following subsidiaries.

(Unit: Baht)

Company's name	The Company Only									
	Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		Dividend for the years	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Million Baht)	(Million Baht)	(Percent)	(Percent)						
<u>Investments in subsidiaries</u>										
General Marine Co., Ltd.	10.0	10.0	100	100	10,000,000	10,000,000	5,315,787	5,379,199	-	-
<u>Less</u> Allowance for impairment					(5,115,021)	(5,115,021)	-	-	-	-
					4,884,979	4,884,979	5,315,787	5,379,199	-	-
Asimar Marine Co., Ltd.	5.0	5.0	100	100	4,998,200	4,998,200	8,739,451	8,659,408	-	-
Eco marine Co., Ltd.	18.25	18.25	93	93	16,999,300	16,999,300	20,361,827	15,662,739	9,281,904	-
<u>Less</u> Allowance for impairment					-	(4,999,300)	-	-	-	-
					16,999,300	12,000,000	20,361,827	15,662,739	9,281,904	-
Total					26,882,479	21,883,179	34,417,065	29,701,346	9,281,904	-

The Change of investment in subsidiary that recorded by cost method in separated financial statement has the details as follows:

(Unit : Baht)

	The Company Only	
	2016	2015
Beginning balance	21,883,179	21,883,179
Gain on reversal of impairment of investments in subsidiary	4,999,300	-
Ending balance	26,882,479	21,883,179

The investment Eco marine Co., Ltd. From the operation during the year 2016 has net profit at the amount of Baht 15.00 million and total net assets have increased at the amount of Baht 21.86 million when it is recognized by the equity monthed. The investment in the subsidiary has the value for the year ended December 31, 2016 of Baht 20.36 million, therefore it has made the reversal of allowance for loss on impairment.

On November 29, 2016, at the Board of Director Meeting No. 5/2016 of a subsidiary, Eco marine Co., Ltd. declare a cash interim dividend payment from its first nine months of 2016 operations at the rate of Baht 13.65 per share for an amount of Baht 9.96 million. The payment was made on December 22, 2016.

## 12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated						
	For the year ended December 31, 2016						
	Book value	Transactions				Book value	
	as at December	Additions	Deduction	Transferred in	Transferred out	Transferred to	as at December
	31, 2015					Expense	31, 2016
<b>Cost</b>							
Land	2,733,086	83,348,201	-	-	-	-	86,081,287
Floating dockyards	285,464,591	-	-		-	-	285,464,591
Building, building improvement and other constructions	237,623,226	-	-	49,103,888	-	-	286,727,114
Machinery and equipment	157,002,866	17,896,430	1,971,331	5,237,405	-	-	178,165,370
Furnitures and fixtures	25,196,506	2,059,336	294,048	337,941	-	-	27,299,735
Vehicles	43,656,347	1,256,126	5,002,472	-	-	-	39,910,001
Construction in progress	7,444,459	77,629,542	-	-	57,305,404	-	27,768,597
Total	759,121,081	182,189,635	7,267,851	54,679,234	57,305,404	-	931,416,695
<b>Less:</b> Accumulated depreciation							
Floating dockyards	171,100,991	6,115,549	-	-	-	-	177,216,540
Building, building improvement and other constructions	155,612,677	11,179,794	-	-	-	-	166,792,471
Machinery and equipment	122,005,238	12,144,339	1,926,812	-	-	-	132,222,765
Furnitures and fixtures	21,492,070	1,455,243	279,728	-	-	-	22,667,585
Vehicles	37,603,655	2,011,487	4,994,969	-	-	-	34,620,173
Total	507,814,631	32,906,412	7,201,509	-	-	-	533,519,534
Equipment, net	251,306,450						397,897,161



(Unit : Baht)

Consolidated							
For the year ended December 31, 2015							
	Book value	Transactions					Book value
	as at December	Additions	Deduction	Transferred in	Transferred out	Transferred to	as at December
	31, 2014					Expense	31, 2015
<u>Cost</u>							
Land	2,733,086	-	-	-	-	-	2,733,086
Floating dockyards	277,360,873	-	-	8,103,718	-	-	285,464,591
Building, building improvement							
and other constructions	237,623,226	-	-	-	-	-	237,623,226
Machinery and equipment	152,189,188	2,814,038	1,246,331	3,245,971	-	-	157,002,866
Furnitures and fixtures	26,437,344	1,276,246	2,499,785	-	-	17,299	25,196,506
Vehicles	45,050,341	2,893,083	4,185,776	421,022	-	522,323	43,656,347
Construction in progress	6,752,695	12,818,899	-	-	11,770,711	356,424	7,444,459
Total	748,146,753	19,802,266	7,931,892	11,770,711	11,770,711	896,046	759,121,081
<u>Less</u> Accumulated depreciation							
Floating dockyards	165,449,598	5,651,393	-	-	-	-	171,100,991
Building, building improvement							
and other constructions	144,461,985	11,150,692	-	-	-	-	155,612,677
Machinery and equipment	112,068,658	11,148,321	1,211,741	-	-	-	122,005,238
Furnitures and fixtures	22,505,194	1,431,147	2,426,974	-	-	17,297	21,492,070
Vehicles	39,250,077	2,371,584	3,873,066	-	-	144,940	37,603,655
Total	483,735,512	31,753,137	7,511,781	-	-	162,237	507,814,631
Equipment, net	264,411,241						251,306,450
Depreciation for the year							
2016 (Baht 21.05 million included in cost of services, and the rest in administrative expenses)							32,906,412
2015 (Baht 19.11 million included in cost of services, and the rest in administrative expenses)							31,753,137

(Unit : Baht)

The Company Only							
For year ended December 31, 2016							
	Book value	Transactions					Book value
	as at December	Additions	Deduction	Transferred in	Transferred out	Transferred to	as at December
	31, 2015					Expense	31, 2016
<u>Cost</u>							
Land	2,733,086	83,348,201	-	-	-	-	86,081,287
Floating dockyards	285,464,591	-	-	-	-	-	285,464,591
Building, building improvement							
and other constructions	214,497,588	-	-	49,103,888	-	-	263,601,476
Machinery and equipment	154,445,168	17,824,380	1,208,472	5,237,405	-	-	176,298,481
Furnitures and fixtures	24,612,274	2,007,736	274,373	337,941	-	-	26,683,578
Vehicles	24,070,749	1,256,126	5,002,472	-	-	-	20,324,403
Construction in progress	7,444,459	77,428,485	-	-	57,305,404	-	27,567,540
Total	713,267,915	181,864,928	6,485,317	54,679,234	57,305,404	-	886,021,356
<u>Less</u> Accumulated depreciation							
Floating dockyards	171,100,991	6,115,549	-	-	-	-	177,216,540
Building, building improvement							
and other constructions	132,487,049	11,179,794	-	-	-	-	143,666,843
Machinery and equipment	119,717,315	12,048,483	1,200,081	-	-	-	130,565,717
Furnitures and fixtures	20,991,035	1,408,126	260,058	-	-	-	22,139,103
Vehicles	20,045,485	931,771	4,994,969	-	-	-	15,982,287
Total	464,341,875	31,683,723	6,455,108	-	-	-	489,570,490
Equipment, net	248,926,040						396,450,866

(Unit : Baht)

The Company Only							
For year ended December 31, 2015							
	Book value	Transactions					Book value
	as at December	Additions	Deduction	Transferred in	Transferred out	Transferred to	as at December
	31, 2014					Expense	31, 2015
<u>Cost</u>							
Land	2,733,086	-	-	-	-	-	2,733,086
Floating dockyards	277,360,873	-	-	8,103,718	-	-	285,464,591
Building, building improvement and other constructions	214,497,588	-	-	-	-	-	214,497,588
Machinery and equipment	149,730,799	2,705,638	1,237,240	3,245,971	-	-	154,445,168
Furnitures and fixtures	25,889,511	1,222,548	2,499,785	-	-	-	24,612,274
Vehicles	25,416,265	2,419,238	4,185,776	421,022	-	-	24,070,749
Construction in progress	6,752,695	12,818,899	-	-	11,770,711	356,424	7,444,459
Total	702,380,817	19,166,323	7,922,801	11,770,711	11,770,711	356,424	713,267,915
<u>Less</u> Accumulated depreciation							
Floating dockyards	165,449,598	5,651,393	-	-	-	-	171,100,991
Building, building improvement and other constructions	121,336,357	11,150,692	-	-	-	-	132,487,049
Machinery and equipment	110,017,114	10,910,605	1,210,404	-	-	-	119,717,315
Furnitures and fixtures	22,039,829	1,378,180	2,426,974	-	-	-	20,991,035
Vehicles	23,025,491	893,060	3,873,066	-	-	-	20,045,485
Total	441,868,389	29,983,930	7,510,444	-	-	-	464,341,875
Equipment, net	260,512,428						248,926,040
Depreciation for the year							
2016 (Baht 20.94 million included in cost of services, and the rest in administrative expenses)							31,683,723
2015 (Baht 18.88 million included in cost of services, and the rest in administrative expenses)							29,983,930

Portion of buildings of the Company and its subsidiary are erected on the land which the Company has a lease agreement of the state land and construction with the Treasury Department and the right of such assets will be transferred to the lessor at the end of the agreement. (See note 13). As at December 31, 2016, cost value and book value of those assets were Baht 186.9 million and Baht 56.4 million, respectively. (The Company only : Baht 163.8 million and Baht 56.4 million, respectively).

As at December 31, 2016 and 2015, the Company has mortgaged two floating dockyards, with a total net book value, of Baht 103.9 million and Baht 71.7 million, respectively, and land and construction thereon with a total net book value of Baht 137.2 million and 3.8 million, respectively, and machinery, with a net book value of Baht 0.1 million and Baht 0.2 million, respectively to secure credit facilities and loans obtained from financial institutions. (See note 18 and 20)

As at December 31, 2016 and 2015, the subsidiary has mortgaged two ships, with a total net book value of Baht 0.03 million and Baht 0.5 million, respectively to secure credit facilities and loans obtained from financial institutions. (See note 18)

As at December 31, 2016 and 2015 motor vehicles of Company with a total net book value of Baht 3.2 million and Baht 2.5 million, respectively were under financial lease agreements with leasing companies.

As at December 31, 2016 and 2015 certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 385.6 million and Baht 333.6 million, respectively. (The Company Only: As at December 31, 2016 and 2015, Baht 339.8 million and Baht 308.1 million, respectively).

On April 18, 2016, at the Board of Directors' Meeting No. 2/2016, it had the resolution to acquire the assets in Surat Thani Province from the third party consisting of land with buildings in order to expand and support the work in the southern region. The total trading amount is Baht 130 million by acquiring the assets and transferring the ownership on July 27, 2016. The assets have been appraised by an independent appraiser amounting to Baht 120.32 million. The assets acquisition has a related direct expense amounting to Baht 5.13 million. Such assets were mortgaged to guarantee the credit lines and loan received from the financial institution. The details of the acquired assets are as follows:

	(Unit : Baht)
	Book value as at acquisition date
Land	83,348,201
Building, building improvement and other constructions	41,944,401
Machinery and equipment	452,165
Constructions in progress	9,385,080
Total	135,129,847

### 13. LEASEHOLD RIGHT OF LAND AND BUILDING

	(Unit : Baht)		
	Consolidated/ The Company Only		
	Book value as at December 31, 2015	Amortization	Book value as at December 31, 2016
Leasehold right of land and building (30 years)	32,036,250	-	32,036,250
<u>Less</u> Accumulated amortization	3,986,906	1,067,875	5,054,781
Net book value	28,049,344		26,981,469

Since January 20, 1988, a subsidiary company entered into a sublease agreement of the state land, dock and warehouse from a sub-lessor. The agreement has a term of 24 years, which has already expired in January 2012. The Company has requested to negotiate in continuing to rent such property from the previous agreement in place of the subsidiary. In the year 2013, the Company receives its entitlement to rent directly from the Treasury Department. The details and conditions are specified in the new lease agreement dated April 26, 2013.

On April 26, 2013, the Company entered into a lease agreement of the state land and construction with the Treasury Department. The lease has a term of 30 years starting from April 22, 2012 and ending on April 21, 2042. The Company has to pay for the land and construction leasehold right on the agreement date and costs involved totaling Baht 32,036,250 and is required to pay the rent annually

throughout the term of the lease agreement. The details of the annual rental rates as specified in the agreement are as follows:

Year 1-5 at Baht 1,467,139 per year

Year 6-10 at Baht 1,687,210 per year

Year 11-15 at Baht 1,940,290 per year

Year 16-20 at Baht 2,231,335 per year

Year 21-25 at Baht 2,566,035 per year

Year 26-30 at Baht 2,950,940 per year

Total rental payment throughout the lease term is Baht 64,214,745.

As at December 31, 2016, the Company has the obligation to pay the outstanding rent as follows:

	(Unit:Baht)
Payable within	Consolidated/ The Company Only
1 year	1,687,210
1 to 5 years	6,748,840
Thereafter 5 years	48,443,000
Total	56,879,050

## 14. INTANGIBLE ASSETS

(Unit : Baht)

Consolidated						
For the year ended December 31,2016						
Book value as at December 31, 2015	Transactions					Book value as at December 31, 2016
	Additions	Deduction	Transferred in	Transferred out	Transferred to Expense	
<b>Cost</b>						
Know – how for use in building						
pollution control ships	4,806,653	-	-	-	-	4,806,653
Copy-right ship blue print	1,025,000	-	-	-	-	1,025,000
Software	15,427,102	1,577,902	-	4,174,375	-	21,179,379
Software in progress	-	4,778,990	-	-	4,174,375	604,615
Copy-right ship blue print in progress	-	-	-	2,626,170	-	2,626,170
Total	21,258,755	6,356,892	-	6,800,545	4,174,375	30,241,817
<b>Less Accumulated amortization</b>						
Know – how for use in building						
pollution control ships	4,806,653	-	-	-	-	4,806,653
Copy-right ship blue print	265,096	102,500	-	-	-	367,596
Software	9,227,163	845,985	-	-	-	10,073,148
Total	14,298,912	948,485	-	-	-	15,247,397
Net book value	6,959,843					14,994,420

(Unit : Baht)

Consolidated							
For the year ended December 31, 2015							
	Book value	Transactions					Book value
	as at December	Transferred to					as at December
	31, 2014	Additions	Deduction	Transferred in	Transferred out	Expense	31, 2015
<u>Cost</u>							
Know – how for use in building							
pollution control ships	4,806,653	-	-	-	-	-	4,806,653
Copy-right ship blue print	1,025,000	-	-	-	-	-	1,025,000
Software	15,126,102	301,000	-	-	-	-	15,427,102
Total	20,957,755	301,000	-	-	-	-	21,258,755
<u>Less Accumulated amortization</u>							
Know – how for use in building							
pollution control ships	4,036,625	770,028	-	-	-	-	4,806,653
Copy-right ship blue print	162,596	102,500	-	-	-	-	265,096
Software	8,479,064	748,099	-	-	-	-	9,227,163
Total	12,678,285	1,620,627	-	-	-	-	14,298,912
Net book value	8,279,470						6,959,843
Amortization for the year							
2016							948,485
2015							1,620,627

(Unit : Baht)

The Company Only							
For the year ended December 31, 2016							
	Book value	Transactions					Book value
	as at December	Transferred to					as at December
	31, 2015	Additions	Deduction	Transferred in	Transferred out	Expense	31, 2016
<u>Cost</u>							
Copy - right ship blue print	1,025,000	-	-	-	-	-	1,025,000
Software	15,427,102	1,577,902	-	4,174,375	-	-	21,179,379
Software in progress		4,778,990	-	-	4,174,375	-	604,615
Copy - right ship blue print in progress	-	-	-	2,626,170	-	-	2,626,170
Total	16,452,102	6,356,892	-	6,800,545	4,174,375	-	25,435,164
<u>Less Accumulated amortization</u>							
Copy - right ship blue print	265,096	102,500	-	-	-	-	367,596
Software	9,227,163	845,985	-	-	-	-	10,073,148
Total	9,492,259	948,485	-	-	-	-	10,440,744
Net book value	6,959,843						14,994,420

(Unit : Baht)

	The Company Only						
	For the year ended December 31,2015						
	Book value	Transactions					Book value
	As at December					Transferred to	As at December
	31, 2014	Additions	Deduction	Transferred in	Transferred out	Expense	31, 2015
<u>Cost</u>							
Copy-right ship blue print	1,025,000	-	-	-	-	-	1,025,000
Software	15,126,102	301,000	-	-	-	-	15,427,102
Total	16,151,102	301,000	-	-	-	-	16,452,102
<u>Less</u> Accumulated amortization							
Copy-right ship blue print	162,596	102,500	-	-	-	-	265,096
Software	8,479,064	748,099	-	-	-	-	9,227,163
Total	8,641,660	850,599	-	-	-	-	9,492,259
Net book value	7,509,442						6,959,843
Amortization for the year							
2016							948,485
2015							850,599

As at December 31, 2016 and 2015 certain software items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 8 million and Baht 7.9 million, respectively (The Company Only : As at December 31, 2016 and 2015 Baht 8 million and Baht 7.9 million, respectively).

## 15. ASSETS HELD FOR SALE

In 2009, the Company amended the condition of payment with a local ship repair account receivable by receiving the ownership transfer in the vessel as a security of Baht 43 million (Appraised value by the replacement cost method of Baht 51 million as shown in Note 10) for repayment of the debt. The Company aims to sell this vessel and now is in the process of offering it for sale to other interested party, of which it should be modified to suit the commercial use to propose to the person who wants to buy it. For the year 2016 and 2015 the Company has considered to record the impairment of asset by condition in the amount of Baht 0.74 million and Baht 16.32 million, respectively.

(Unit : Baht)

	Consolidated/ The Company Only		
	For the year December 31, 2016		
	Book value	Transactions	Book value
	as at December 31, 2015	Additions Deduction	as at December 31, 2016
<u>Cost</u>			
Assets held for sale	43,000,000	- -	43,000,000
Total	43,000,000	- -	43,000,000
<u>Less Allowance for impairment</u>			
Assets held for sale	23,135,908	740,762 -	23,876,670
Assets held for sale - net	23,135,908	740,762 -	23,876,670
	19,864,092		19,123,330

(Unit : Baht)

	Consolidated/ The Company Only		
	For the year December 31, 2015		
	Book value	Transactions	Book value
	as at December 31, 2014	Additions Deduction	as at December 31, 2015
<u>Cost</u>			
Assets held for sale	43,000,000	- -	43,000,000
Total	43,000,000	- -	43,000,000
<u>Less Allowance for impairment</u>			
Assets held for sale	6,812,740	16,323,168 -	23,135,908
Total	6,812,740	16,323,168 -	23,135,908
Assets held for sale - net	36,187,260		19,864,092
Loss on impairment for the year			
2016			740,762
2015			16,323,168

The movements of allowance for impairment accounts were as follows :-

(Unit : Baht)

	Consolidated/ The Company Only	
	2016	2015
Beginning balance	23,135,908	6,812,740
Increase	740,762	16,323,168
Ending balance	23,876,670	23,135,908

The Company has set the provisions on allowance for impairment of assets held for sale from the deteriorated of assets. It is applied by the assumption according to the length of time together with comparative to the appraisal fair value of the assets by market approach method less selling cost. In 2015, it is used offering price from the third party to consider together with the adjustment to the fair value by applying the offering price deducted the cost of sales.

## 16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

16.1 Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2016 are summarized as follows:

(Unit: Baht)

	Consolidated			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 2015	In profit or loss	In other comprehensive income	Dec. 30, 2016
Deferred tax assets:				
Inventories	112,828	65,599	-	178,427
Assets held for sale	4,627,182	148,152	-	4,775,334
Property, plant and equipment	255,890	51,606	-	307,496
Intangible assets	265,652	(88,964)	-	176,688
Employee benefit obligations	1,115,701	(102,177)	-	1,013,524
Warranty provisions	3,710,023	(3,457,208)	-	252,815
Operating lease	505,014	134,671	-	639,685
Total	10,592,290	(3,248,321)	-	7,343,969

(Unit: Baht)

	The Company Only			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 2015	In profit or loss	In other comprehensive income	Dec. 31, 2016
Deferred tax assets:				
Inventories	112,828	65,599	-	178,427
Assets held for sale	4,627,182	148,152	-	4,775,334
Property, plant and equipment	255,890	51,606	-	307,496
Intangible assets	265,652	(88,964)	-	176,688
Employee benefit obligations	1,016,435	(111,725)	-	904,710
Warranty provisions	3,710,023	(3,457,208)	-	252,815
Operating lease	505,014	134,671	-	639,685
Total	10,493,024	(3,257,869)	-	7,235,155



## 16.2 Tax expense (income)

### 16.2.1 Major components of tax expense (income) for the year ended December 31, 2016 and 2015

consisted of:

	(Unit: Baht)			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the year	5,383,296	26,185,032	4,379,303	26,185,032
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	3,248,321	(5,879,641)	3,257,869	(5,870,775)
Total	<u>8,631,617</u>	<u>20,305,391</u>	<u>7,637,172</u>	<u>20,314,257</u>
Income tax relating to components of other comprehensive income :				
Deferred tax relating to :				
Actuarial gain (losses)	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 16.2.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2016 and 2015 as follows:

	(Unit: Baht)			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Accounting profit (loss) for the year	58,030,734	111,640,325	56,339,119	102,243,392
Add loss from subsidiary	63,412	271,663	-	-
Total	<u>58,094,146</u>	<u>111,911,988</u>	<u>56,339,119</u>	<u>102,243,392</u>
The applicable tax rate (%)	20	20	20	20
Tax expense (income) at the applicable tax rate	<u>11,618,829</u>	<u>22,382,398</u>	<u>11,267,824</u>	<u>20,448,678</u>
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	673,931	333,830	544,188	58,443
- Expenses which is deductible increasing from actual payment	(3,661,143)	(2,410,837)	(4,174,840)	(192,864)
Total reconciliation items	<u>(2,987,212)</u>	<u>(2,077,007)</u>	<u>(3,630,652)</u>	<u>(134,421)</u>
Total tax expense (income)	<u>8,631,617</u>	<u>20,305,391</u>	<u>7,637,172</u>	<u>20,314,257</u>

16.2.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2016 and 2015 are summarized as follows:

(Unit: Baht )				
Consolidated				
2016		2015		
Tax amount	Tax rate	Tax amount	Tax rate	
(Baht)	(%)	(Baht)	(%)	
Accounting profit (loss) before tax expense for the year	58,094,146	111,911,988		
Tax expense (income) at the applicable tax rate	11,618,829	22,382,398	20.00	
Reconciliation items	(2,987,212)	(2,077,007)	(1.86)	
Tax expense (income) at the average effective tax rate	8,631,617	20,305,391	18.14	

  

(Unit: Baht )				
The Company Only				
2016		2015		
Tax amount	Tax rate	Tax amount	Tax rate	
(Baht)	(%)	(Baht)	(%)	
Accounting profit (loss) before tax expense for the year	56,339,119	102,243,392		
Tax expense (income) at the applicable tax rate	11,267,824	20,448,678	20.00	
Reconciliation items	(3,630,652)	(134,421)	(0.13)	
Tax expense (income) at the average effective tax rate	7,637,172	20,314,257	19.87	

## 17. WITHHOLDING TAX DEDUCTED AT SOURCE

This represents the withholding tax deducted at source of the following years:

(Unit: Baht)				
Consolidated		The Company Only		
2016	2015	2016	2015	
Year 2013	-	-	-	
Year 2014	-	-	42,960	
Year 2015	1,783,096	-	-	
Year 2016	9,071,634	7,982,489	-	
Total	10,854,730	7,982,489	42,990	

The Company and its subsidiaries regard withholding tax deducted at source as an asset since they have the right to claim for refund or during refundable process. However, the net realizable value of withholding tax is subject to the exercise of the claim right by the Company and its subsidiaries, and the result of the Company and its subsidiaries' tax audit by the Revenue officials.

# 18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS / TRUST RECEIPTS

		(Unit: Baht)			
		Consolidated		The Company Only	
	Interest rate	2016	2015	2016	2015
	Percent per annum				
Bank overdrafts	MOR	-	-	-	-
Short - term loans from financial institutions	5.42	10,000,000	-	10,000,000	-
Total		10,000,000	-	10,000,000	-
Trust receipts	4.30	53,060,260	-	53,060,260	-

As at December 31, 2016, the Company has bank overdraft facilities amounted to approximately Baht 38 million, short-term loans Baht 160 million and trust receipt Baht 110 million (As at December 31, 2015 : Bank overdraft facilities Baht 38 million, short-term loans Baht 110 million and trust receipt Baht 110 million), secured by the mortgage of the Company's two floating dockyards and land and construction thereon.

As at December 31, 2016, the subsidiaries has bank overdraft facilities amounted to approximately Baht 2 million and short-term loans Baht 10 million (As at December 31, 2015: Bank overdraft facilities Baht 2 million, short-term loans Baht 10 million), secured by the mortgage of the subsidiary's two ships and secured by parent company.

# 19. PROVISION FOR WARRANTY UNDER CONTRACT

The Company has set a provision for product warranty against any loss or damage that might occur for the ship building project delivery. The warranty upon management criteria and experience.

		(Unit : Baht)			
		Consolidated		The Company Only	
		2016	2015	2016	2015
Balance, beginning of the year		18,550,114	-	18,550,114	-
Add Addition during the year		1,978,869	20,439,026	1,500,000	20,439,026
Less Payment during the year		(7,118,717)	(1,888,912)	(6,838,592)	(1,888,912)
Reversal		(11,947,447)	-	(11,947,447)	-
Balance, ending of the year		1,462,819	18,550,114	1,264,075	18,550,114

In 2016 and 2015, the Company and its subsidiary has set the provisions from the work guarantee amounting to Baht 1.98 million and Baht 20.44 million ,respectively, according to the estimated from the engineers. (The Company Only : amounting to Baht 1.50 and Baht 20.44 million, respectively).

## 20. LONG-TERM LOANS FROM BANK

Long-term loan consisted of:

		(Unit : Baht)	
		Consolidated/ The Company Only	
		2016	2015
Loan from local commercial bank		106,571,745	-
Total long-term loans		106,571,745	-
<u>Less</u> Current portion		(12,350,000)	-
Long-term loans from bank-net		94,221,745	-

As at December 31, 2016, the Company entered into two long-term loan agreements with the bank at the amount of Baht 125 million and Baht 160 million, respectively.

First agreement : Long-term loan amounted Baht 125 million divided into 2 parts as follows:

Loan for land and construction thereon amounted 105 million, MLR-2.00 per annum, 108 installments with Baht 0.98 million per installment, first installment will repay on the final business date of 13<sup>th</sup> month from the first withdrawal date from bank and finish within 120 months from the first withdrawal month.

Loan for shipyard maintenance amounted 20 million, MLR-2.25 per annum, 48 installments with Baht 0.42 million per installment, first installment will repay on the final business date of 13<sup>th</sup> month from the first withdrawal date from bank and finish within 60 months from the first withdrawal month.

Such long-term loan are guaranteed by land and construction thereon (See note 12).

Second agreement : Long-term loan amounted Baht 160 million for harbor improvement as follows:

- Month No. 1-36, MLR-1.90 per annum
- Month No. 37-60 MLR-1.65 per annum
- Month No. 61-120 MLR-1.40 per annum

The total repayments are 108 installments at Baht 1.49 million each installment, the first installment will be made on the final business date of 13<sup>th</sup> month from the first withdrawal installment from bank and finish within 120 months from the first withdrawal month.

Such long-term loan is guaranteed by a floating dockyards (See note 12).

Other significant practice according to agreement

The Company has to comply with the conditions as specified in the loan agreement on significant matters such as the Company has not to take the loan for other purposes except specified in the agreement and has not transfer, sell, rent, dispose or coursing any encumbrance to assets and debt obligations or burden by loan or guarantee any persons. As a result, the ratio of total liabilities to shareholders' equity is more than 1.3:1. However, it must not be less than zero. The Company agrees to hold the ratio of the ability to repay debt at the ratio of not less than 1.5 times.

## 21. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries obligations for employee benefits are as follows :

(Unit : Baht)

	Consolidated		The Company Only	
	2016	2015	2016	2015
Employee benefit obligations, balance forward	5,670,797	8,178,515	5,082,176	7,654,732
Current cost of service	699,529	733,381	651,881	687,809
Interest in the year	425,210	439,371	402,895	420,105
Employee benefit paid in the year	(1,658,494)	(3,680,470)	(1,613,400)	(3,680,470)
Employee benefit obligations, ending forward	5,137,042	5,670,797	4,523,552	5,082,176

### Assumptions in the estimates based on the actuarial principles

	Percentage
	Consolidated /The Company Only
	2014
Discount rate	4.54 - 4.66
Salary increase rate	0.37 - 2.00
Employee turnover rate	0.00 - 26.00
Disability rate	10.00
Mortality rate	Of Thai mortality table 2008

### Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarized below:

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(8.23)	8.75	(7.77)	8.25
Salary increase rate	8.87	(8.09)	8.38	(7.65)
Turnover rate	(8.14)	8.85	(7.69)	8.34

## 22. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit for the period after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 23. EARNINGS (LOSS) PER SHARE

Profit (loss) per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares issued during the year.

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Profit for the years (Baht)	48,370,990	90,183,139	48,701,947	81,929,135
Weighted average number of ordinary shares (Share)	258,294,087	258,291,087	258,291,087	258,291,087
Basic earnings per share (Baht/Share)	0.19	0.35	0.19	0.32

## 24. EXPENSE BY NATURE

Significant expenses by nature are as follows :

	(Unit : Baht)			
	For the year ended December 31			
	Consolidated		The Company only	
	2016	2015	2016	2015
Raw material and consumable used	253,250,164	242,673,691	238,050,298	241,564,759
Change in material and work in process	500,323	(3,186,244)	571,945	(3,430,135)
Depreciation and amortization	34,922,772	34,441,639	33,700,083	31,902,404
Employee benefit cost	100,197,970	112,011,104	79,384,149	87,307,321
Employee benefit after retired	699,529	733,381	651,881	687,809

## 25. FINANCIAL INFORMATION BY OPERATING SEGMENTS

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources and assess its performance to the company's operating segment.

The Company and its subsidiaries' business operations involve 2 principal segments: (1) Ship repairing and (2) Ship building. These operations are mainly carried on in Thailand.

Below is the consolidated financial information for the years ended December 31, 2016 and 2015 of the Company and its subsidiaries by operating segments.

(Unit: Million Baht)

	Consolidated									
	For the year ended December 31,									
	Ship repairing		Ship building		Other segments		Elimination of inter-segment revenues		Consolidation	
	segment	segment	segment	segment	segment	segment	segment	segment	segment	segment
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	311.7	346.7	205.8	359.9	82.1	50.6	-	-	599.6	757.2
Inter-segment revenues	0.9	0.2	37.4	28.0	41.0	34.9	(79.3)	(63.1)	-	-
Total revenues	312.6	346.9	243.2	387.9	123.1	85.5	(79.3)	(63.1)	599.6	757.2
Segment income (loss)	90.2	120.9	62.2	129.4	25.6	17.3	-	-	178.0	267.6
Unallocated income and expenses:										
Interest income									0.5	0.6
Other income									14.5	8.6
Administrative expenses									(131.0)	(163.0)
Finance costs									(4.0)	(2.2)
Income taxes expense									(8.6)	(20.3)
Profit (loss) for the year									49.4	91.3
Property, plant and equipment - net									397.9	251.3
Intangible assets									15.0	6.9
Leasehold right									27.0	28.0
Unallocated assets									261.4	243.6
Total assets									701.3	529.8

## 26. PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Siam Commercial Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. For the year 2016 and 2015 amount totaling Baht 3.4 million and Baht 3.4 million, respectively, (the Company only : Baht 3.2 million and Baht 3.2 million, respectively).

## 27. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the separate statements of financial position as at December 31, 2016 and 2015, the Company's debt-to-equity ratio was 0.60 : 1 and 0.23 :1, respectively.

## 28. DIVIDEND

### YEAR 2016

At the Annual General Meeting of the shareholders held on April 4, 2016, it had the resolution to approve the dividend payment for the 2015 earnings in cash at the rate of Baht 0.20 per share, totaling Baht 51.66 million, payment on April 29, 2016

### YEAR 2015

At the Annual General Meeting of the Shareholders held on April 3, 2015, it had the resolution to approve the dividend payment for the 2014 earnings in cash at the rate of Baht 0.12 per share, totaling Baht 38.74 million, payment on April 30, 2015.

## 29. COMMITMENTS AND CONTINGENT LIABILITIES

### 29.1 Commitments relating to operating lease and service agreements

The Company and its subsidiaries have entered into several lease agreements in respect of land, condominium units and motor vehicles, service agreements relating to the staff bus service, hire of work agreement, and other services agreements.

Future minimum rentals payable under these leases as at December 31, 2016 are as follows:

(Unit: Million Baht)

Payable within	Consolidated	The Company Only
1 year	3.96	3.96
1 to 5 years	9.44	9.44
Thereafter 5 years	48.44	48.44
Total	61.84	61.84

### 29.2 Commitments relating to ship building and ship repairing contracts

As at December 31, 2016 the Company has undelivered for unrendered ship building and ship repair contracts totaling approximately Baht 188.64 million.

### 29.3 Commitments for purchase goods

As at December 31, 2016, the Company has outstanding commitments on the contracts to purchase machinery and equipment for ship repair of Baht 4.45 million, Yen 36.27 million, USD 0.07 million.



#### **29.4 Guarantees**

As at December 31, 2015 there were outstanding bank guarantees of approximately Baht 18.77 million (The Company Only : Baht 11.14 million) which have been issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the ordinary course of business of the Company and its subsidiaries.

#### **29.5 Securities against credit facilities and loans as obtained from financial institutions**

As at December 31, 2016 The Company's credit facilities and loans obtained from banks at the amount of Baht 593 million and have been secured by the mortgage of the Company's two floating dockyard and land and construction thereon.

As at December 31, 2016 The subsidiary's credit facilities and loans obtained from banks at the amount of Baht 12 million and have been secured by the mortgage of the subsidiary's two ships and secured by parent company.

#### **29.6 SPECIFIC CREDIT FOR PROJECT**

As at December 31, 2016, the Company has received the specific credit for project from 2 banks. It has been guaranteed by transfer of claims in payment from such project of trade receivables. The details of credit balance have been shown as follows:

Credit of letter under bank guarantee at the amount of Baht 357.48 million and have been withdrawn Baht 146.93 million.

Credit of letter of credit and trust receipt at the amount not over Baht 120 million and have been withdrawn Baht 52.57 million (or equivalent other foreign currencies).

Credit of short-term loan at the amount of Baht 30 million.

#### **29.7 Litigations**

In November 2012, the Company was sued for damage by a business partner who had entered the auction to buy scrap steel on the charge of breaking the contract in the amount of Baht 5 million plus interest 7.5% per annum. The Company submitted a statement to the court explaining that the plea of the lawsuit is ungrounded. On December 19, 2013, the Court of first instance delivered judgment to dismiss the lawsuit. However, the prosecutor appealed to the court on April 2, 2014. Later on November 4, 2014, the Appeal Court upheld the judgment of the Court of first instance to dismiss the case. On December 3, 2014, the prosecutor appealed to the Supreme Court. Later on May 19, 2016, the Supreme Court had ordered to dispose the case from the directory.

### **30. FINANCIAL INSTRUMENTS**

#### **30.1 Financial risk management and policies**

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable and payable, loans, bank overdrafts, trust receipts, and short-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

##### **30.1.1 Credit risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. The Company and its subsidiaries manage the risk by adopting credit control policies and procedures, and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statements of financial position.

The Company is subject to concentrations of credit risk because the Company builds and repairs ships for general customers, in both the private and public sectors. The ability of these debtors to meet their obligations is sensitive to the health of the local economy.

##### **30.1.2 Interest rate risk**

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at financial institutions, loans to subsidiaries, bank overdrafts, trust receipts, and loan borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at December 31, 2016 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date).

	Fixed interest rates						
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	(Million Baht)						(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalent	20.0	-	-	14.5	2.4	36.9	0.10 - 1.25
	20.0	-	-	14.5	2.4	36.9	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans							
from financial institutions	-	-	-	10.0	-	10.0	-
Trust receipts	-	-	-	53.0	-	53.0	1.91 - 6.00
	-	-	-	63.0	-	63.0	

### 30.1.3 Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading and service transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when they considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2015 are summarized below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at December 31, 2016 (Baht per 1 foreign currency unit)
US dollar	0.26	-	35.66
EURO	-	0.24	38.14
JPY	-	132.00	0.31
SGD	-	0.05	25.08

### 30.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial assets and parts of their financial liabilities are short-term in nature, and lendings and loans borrowings have floating interest rates, the fair value of these financial assets and liabilities is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **31. THE REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR**

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation

TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

### **32. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Company's Directors on February 24, 2017