EMAS

EMAS Offshore Limited

2nd Quarter FY2016

Unaudited Consolidated Financial Information

Together We Deliver

The Company's admission to and listing on the SGX-ST is sponsored by DBS Bank Ltd.

1. Introduction

EMAS Offshore Limited ("EOL", "the Company" or "the Group"), formerly known as EOC Limited, was incorporated on February 2007, and is an established offshore oil and gas services provider which offers offshore support, accommodation and offshore production services to customers in the offshore oil and gas industry throughout the oilfield lifecycle, spanning exploration, development, production and decommissioning stages. It was listed on the Oslo Børs in 2007 and subsequently secondary-listed on the SGX-ST on 8 October 2014 and became a dual-listed company in both Norway and Singapore.

The Company's excellent operational and HSE (health, safety and environment) track record allowed the Company to establish strong working relationships with leading international oil majors, national oil companies and various independent operators.

2. Company Profile

Headquartered in Singapore, EOL holds a leading market position in Asia Pacific, with global operations across Latin America, Africa and Australia. The Group's business activities are carried out by two business segments, namely (i) Offshore Support and Accommodation Services division, and (ii) Offshore Production Services division.

The Offshore Support and Accommodation Services division specialises in the provision of offshore support and accommodation vessels for charter to service customers in the offshore oil and gas industry, with a focus on the development and production phases of the oilfield lifecycle. This division also provides ship management services for third party vessels.

The Offshore Production Services division specialises in the provision and operations of FPSO systems and related services which are key assets enabling the extraction, storage and offloading of crude oil and gas from offshore hydrocarbon reservoirs. In addition, our Offshore Production Services division provides engineering and project management services for the conversion of FPSOs and production facilities to third party clients.

3. Strategy

The Group's strategies are as follows:

Geographical Strategy - consolidate in Southeast Asia and expand in selected areas with growth potential such as East Africa, North Africa, West Africa, as well as the Middle East.

Operational excellence – continuously build up our capabilities with our workforce and developing operational reliability with fleet maintenance programmes in line with stringent industry standards.

Asset optimisation – review and optimise our fleet in terms of size and composition so that our fleet remains relevant to market drivers and retain operational flexibility. The Group will constantly identify trends in demand and supply dynamics to optimise our fleet which may include disposals from time to time.

Leveraging on synergies with Ezra Group to win tenders – combining the Group's global platform and strong track record in clinching tenders with the global business network of the Ezra Group will provide us with quick access to new markets.

4. Outlook

There has been continual significant weakness and volatility in the oil price environment. This has caused global concerns on the prospects of both the oil and gas and oilfield services operators. The volatility and weakness are expected to continue and this will reduce all activities in the exploration, development and production of oil and natural gas. Coupled with a general oversupply environment of offshore supply vessels, the Group is likely to experience lower charter rates and/or decreased vessel utilisation in the foreseeable future. This will have a negative impact on the Group's financial performance. The Group has undertaken significant impairment on its assets in the current quarter and will continue to monitor the market condition to assess requirement for further impairment if required.

The Group continues to closely monitor the business environment and has taken further steps to mitigate the slow-down or deterioration in its business prospects. This includes measures undertaken to reduce costs and implementing initiatives to improve operational efficiency and overall vessel utilisation. The Group is also engaging with stakeholders to reduce the near to medium term cash-flow requirements as well as evaluating potential sales of non-core assets.

4. Outlook (Cont'd)

Business Combination

The Company entered into a business combination agreement with Ezra Holdings Limited ("Ezra") (the "Business Combination Agreement") in connection with the proposed acquisition of the following companies held by Ezra (the "OSS companies") on 10 July 2014:

(i) Aries Warrior AS;
(ii) Aries Warrior DIS;
(iii) Bayu Emas Maritime Sdn Bhd;
(iv) Bayu Intan Offshore Sdn Bhd;
(v) Emas Offshore (Labuan) Bhd;
(vi) Emas Offshore (M) Sdn Bhd;
(vii) Emas Offshore (Thailand) Ltd;
(viii) Emas Offshore Pte Ltd;
(ix) Emas Offshore Services (Australia) Pty Ltd;
(x) Emas Offshore Services (B) Sdn Bhd;
(xi) Emas Offshore Services (M) Sdn Bhd;
(xii) Emas Offshore Services Nigeria Limited;
(xiii) Emas Offshore Services Pte Ltd;
(xiv) Genesis Offshore Sdn Bhd;
(xv) Lewek Altair Shipping Private Limited;
(xvi) Lewek Aries Pte Ltd;
(xvii) Lewek Crusader Shipping Pte Ltd;
(xviii) Lewek Ebony Shipping Pte Ltd;
(xix) Lewek Ivory Shipping Pte Ltd;
(xx) Lewek LB 1 Shipping Pte Ltd;
(xxi) Lewek Robin Shipping Pte Ltd;
(xxii) Lewek Shipping Pte Ltd;
(xxiii) Lewek Ruby Shipping Pte Ltd;
(xxiv) Tunis Oil Pte Ltd;
(xxv) Lewek Antares Shipping Pte Ltd;
(xxvi) Intan Offshore Sdn Bhd and its subsidiaries; and
(xxvii) Emas Offshore Services (Philippines) Inc.

In exchange for the sale of the OSS companies, the Company will make pay a consideration of USD520.0 million, to be satisfied via the following:

- USD25.0 million, payable in cash;
- USD370.0 million, shall be satisfied by the allotment and issue by the Company to Ezra of the consideration shares based on the issue price of NOK 8.18 per share; and
- deferred cash payment of USD125.0 million ("Deferred Consideration") over a period of 3 years (the "Payment Period"), with interest payable at the rate of 3.5% per annum on the outstanding principal amount of the Deferred Consideration in the second and third years of the Payment Period.

The shareholders' approval for the Business Combination Agreement was obtained in a Shareholders' Extraordinary General Meeting ("EGM") held on 19 August 2014. The Business Combination Agreement was completed together with the Company's secondary public offering ("secondary public offering") of 48,585,000 shares on the SGX-ST on 3 October 2014.

4. Outlook (Cont'd)

Business Combination (cont'd)

The Company was listed on the Main Board of SGX-ST, placing it as the first company to dual list in Norway and Singapore for capital raising on 8 October 2014. Ezra became the holding company of EMAS Offshore Limited.

As a consequence of applying the reverse acquisition accounting, the results for the comparative period comprises the results of the OSS companies for the financial period then ended, and those of the pre-existing EOL entities from 3 October 2014 (the date of reverse acquisition) to 28 February 2015.

Included in the comparative period is provisional goodwill amounting to USD142.2 million, which arose from the difference between the fair value of the pre-existing EOL's share capital and the fair value of its net assets at the reverse acquisition date. The provisional goodwill was subsequently finalised in 4Q FY2015 at USD154.7 million.

5. Consolidated Statement of Profit or Loss and Other Comprehensive Income (in USD thousands)

	3 months ended		%	Period ended		%
	29 Feb 2016	28 Feb 2015(1)	increase/ (decrease)	29 Feb 2016	28 Feb 2015(1)	increase/ (decrease)
Revenue	30,510	60,912	(50)	80,261	133,622	(40)
Cost of sales	(45,920)	(50,434)	(9)	(96,732)	(108,921)	(11)
Gross (loss)/profit	(15,410)	10,478	nm	(16,471)	24,701	nm
Other (expense)/income, net	(99,299)	3,244	nm	(98,767)	144,375	nm
Administrative expenses	(26,577)	(5,389)	393	(29,950)	(13,519)	122
(Loss)/profit from operations	(141,286)	8,333	nm	(145,188)	155,557	nm
Financial income	789	678	16	1,473	1,192	24
Financial expenses	(5,744)	(3,826)	50	(10,937)	(6,944)	58
Share of results of associates	2,803	2,131	32	5,012	4,239	18
Share of results of joint ventures	2,885	4,410	(35)	6,408	7,020	(9)
(Loss)/profit before tax	(140,553)	11,726	nm	(143,232)	161,064	nm
Income tax	90	(2,062)	nm	(459)	(2,998)	(85)
(Loss)/profit after tax	(140,463)	9,664	nm	(143,691)	158,066	nm
Other comprehensive income:						
Items that may be reclassified to profit or loss:						
Effective portion of changes in fair value of cash flow hedges	7	(69)	nm	47	(14)	nm
Exchange difference on translation of foreign operations	19	(1,425)	nm	(626)	(3,523)	(82)
Change in fair value of available for sale investment	(1,575)	(3,395)	(54)	(1,216)	(29,712)	(96)
Total comprehensive income for the financial period	(142,012)	4,775	nm	(145,486)	124,817	nm
Total comprehensive income for the financial period attributable to:						
Equity holder of the Company	(142,012)	4,775	nm	(145,486)	124,817	nm
Non-controlling interests	-	*	nm	-	*	nm
Total comprehensive income for the financial period	(142,012)	4,775	nm	(145,486)	124,817	nm
(Loss)/earnings per share (US cents)	(0.32)	0.02	nm	(0.33)	0.56	nm

** Less than USD1,000*

nm – Not meaningful

(1) Presentation includes results of the OSS entities from 1 September 2014 to 28 February 2015 and that of the pre-existing EOL entities from 3 October 2014 to 28 February 2015

5. Consolidated Statement of Profit or Loss and Other Comprehensive Income (in USD thousands) (cont'd)

Notes:

(Loss)/profit for the financial period is arrived at after (charging)/crediting the following:

	3 months ended		% increase/ (decrease)	Period ended		% increase/ (decrease)
	29 Feb 2016	28 Feb 2015(1)		29 Feb 2016	28 Feb 2015(1)	
Exchange (loss)/gain, net	(603)	1,751	nm	(149)	3,833	nm
Depreciation	(13,335)	(11,611)	15	(25,777)	(21,835)	18
Provisional bargain purchase arising from the reverse takeover	-	-	-	-	142,206	nm
Provisional bargain purchase arising from step-acquisition of joint venture	-	-	-	-	1,290	nm
Remeasurement loss arising from step-acquisition of joint venture	-	-	-	-	(6,031)	nm
Impairment loss on joint ventures	(38,293)	-	nm	(38,293)	-	nm
Impairment of goodwill	-	(311)	nm	-	(311)	nm
(Loss)/gain on disposal of property, plant and equipment	(5,633)	1,070	nm	(5,633)	1,070	nm
Impairment loss on property, plant and equipment	(51,377)	-	nm	(51,377)	-	nm
Allowance for doubtful receivables	(1,646)	-	nm	(1,646)	-	nm
Bad debts written off	(18,878)	-	nm	(18,878)	-	nm
Bad debts recovered	14	-	nm	14	343	(96)
Loss recognised on remeasurement to fair value less costs to sell	(3,469)	-	nm	(3,469)	-	nm

nm – Not meaningful

(1) Presentation includes results of the OSS entities from 1 September 2014 to 28 February 2015 and that of the pre-existing EOL entities from 3 October 2014 to 28 February 2015

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6. Statements of Financial Position (in USD thousands)

	Group			Company		
	As at 29 Feb 2016	As at 31 Aug 2015	% increase/ (decrease)	As at 29 Feb 2016	As at 31 Aug 2015	% increase/ (decrease)
ASSETS						
Non-current assets						
Property, plant and equipment	737,566	755,887	(2)	-	-	-
Investment in subsidiaries	-	-	-	153,299	153,299	-
Investment in associates	35,387	110,384	(68)	-	-	-
Investment in joint ventures	148,504	181,622	(18)	141,103	148,364	(5)
Long term receivables	37,353	37,591	(1)	-	-	-
	958,810	1,085,484	(12)	294,402	301,663	(2)
Current assets						
Inventories and work-in-progress	6,215	6,262	(1)	-	-	-
Trade receivables	27,493	33,155	(17)	-	-	-
Other receivables and deposits	20,827	83,057	(75)	93	164	(43)
Prepayments	14,332	17,292	(17)	1,324	1,465	(10)
Balances due from						
- holding company	7,879	13,600	(42)	-	5,809	nm
- subsidiaries	-	-	-	328,105	322,000	2
- related parties	124,917	129,074	(3)	323	3,005	(89)
- associates	10,643	35,222	(70)	-	-	-
- joint ventures	17,594	15,989	10	15,436	13,094	18
Available for sale investment	8,772	9,989	(12)	8,772	9,989	(12)
Cash and cash equivalents	57,071	61,333	(7)	2,092	6,307	(67)
	295,743	404,973	(27)	356,145	361,833	(2)
Asset held for sale	76,322	-	nm	-	-	-
	372,065	404,973	(8)	356,145	361,833	(2)
Total assets	**1,330,875**	**1,490,457**	(11)	**650,547**	**663,496**	(2)
LIABILITIES AND EQUITY						
Non-current liabilities						
Bank term loans	428,515	412,726	4	45,000	45,000	-
Balances due to						
- holding company	125,000	125,000	-	125,000	125,000	-
- related party	31,993	31,970	0	-	-	-
Deferred income	5,604	5,822	(4)	-	-	-
Lease obligations	27	10,169	(100)	-	-	-
Derivative financial instruments	357	404	(12)	-	-	-
Deferred tax liabilities	11	11	-	-	-	-
Total non-current liabilities	591,507	586,102	1	170,000	170,000	-

6. Statements of Financial Position (in USD thousands) (cont'd)

	Group			Company		
	As at 29 Feb 2016	As at 31 Aug 2015	% increase/ (decrease)	As at 29 Feb 2016	As at 31 Aug 2015	% increase/ (decrease)
Current liabilities						
Trade payables	17,621	12,789	38	-	-	-
Other payables and accruals	68,175	106,237	(36)	2,506	3,081	(19)
Balances due to						
- holding company	19,823	14	nm	16,316	-	nm
- subsidiaries	-	-	-	154,845	149,535	4
- related parties	26,839	28,183	(5)	710	164	333
- associates	9,711	7,398	31	-	-	-
Bills payable to banks	100,984	120,923	(16)	22,000	42,000	(48)
Deferred income	436	436	-	-	-	-
Lease obligations	10,744	1,188	804	-	-	-
Bank term loans	88,125	84,879	4	-	-	-
Income tax payable	7,908	7,820	1	110	115	(4)
Total current liabilities	350,366	369,867	(5)	196,487	194,895	1
Capital and reserves						
Share capital	235,939	235,939	-	357,211	357,211	-
Treasury shares	(718)	(718)	-	(718)	(718)	-
Accumulated profits/(losses)	208,062	351,753	(41)	(28,956)	(15,631)	85
Translation reserve	(5,859)	(5,233)	12	-	-	-
Hedging reserve	50	3	nm	-	-	-
Fair value adjustment reserve	(47,231)	(46,015)	3	(43,477)	(42,261)	3
Capital reserve	(1,241)	(1,241)	-	-	-	-
Total equity	389,002	534,488	(27)	284,060	298,601	(5)
Total liabilities and equity	**1,330,875**	**1,490,457**	(11)	**650,547**	**663,496**	(2)

7. Consolidated Statement of Changes in Equity (in USD thousands)

(i) Statement of changes in equity for the financial period ended 29 February 2016

	Group									
	Attributable to owners of the Company									
	Share capital	Treasury shares	Hedging reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated profits	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
At 1 September 2015	235,939	(718)	3	(46,015)	(1,241)	(5,233)	351,753	534,488	-	534,488
Total comprehensive income for the financial period	-	-	47	(1,216)	-	(626)	(143,691)	(145,486)	-	(145,486)
At 29 February 2016	235,939	(718)	50	(47,231)	(1,241)	(5,859)	208,062	389,002	-	389,002

7. Consolidated Statement of Changes in Equity (in USD thousands) (cont'd)

(ii) Statement of changes in equity for the financial period ended 28 February 2015

	Group									
	Attributable to owners of the Company								Non-controlling interest	Total equity
	Share capital	Treasury shares	Hedging reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated profits	Total equity attributable to owners of the Company		
At 1 September 2014	13,248	-	-	-	(1,241)	367	302,209	314,583	-	314,583
Total comprehensive income for the financial period	-	-	(14)	(29,712)	-	(3,523)	158,066	124,817	*	124,817
Capital injection by parent	92,000	-	-	-	-	-	-	92,000	-	92,000
Effects of reverse acquisition	-	-	-	-	-	-	(150,000)	(150,000)	233	(149,767)
Issuance of ordinary shares pursuant to reverse acquisition	86,534	-	-	-	-	-	-	86,534	-	86,534
Issuance of ordinary shares pursuant to share placement	46,045	-	-	-	-	-	-	46,045	-	46,045
Expenses on issue of ordinary shares	(1,888)	-	-	-	-	-	-	(1,888)	-	(1,888)
Purchase of treasury shares	-	(718)	-	-	-	-	-	(718)	-	(718)
Total transactions with owners in their capacity as owners	222,691	(718)	-	-	-	-	(150,000)	71,973	233	72,206
At 28 February 2015	235,939	(718)	(14)	(29,712)	(1,241)	(3,156)	310,275	511,373	233	511,606

** Less than USD1,000*

7. Statement of Changes in Equity (in USD thousands) (cont'd)

(iii) Statement of changes in equity for the financial period ended 29 February 2016

	Company							
	Share capital	**Treasury shares**	**Hedging reserves**	**Fair value adjustment reserves**	**Capital reserve**	**Translation reserve**	**Accumulated losses**	**Total equity**
At 1 September 2015	357,211	(718)	-	(42,261)	-	-	(15,631)	298,601
Total comprehensive income for the financial period	-	-	-	(1,216)	-	-	(13,325)	(14,541)
At 29 February 2016	357,211	(718)	-	(43,477)	-	-	(28,956)	284,060

7. Statement of Changes in Equity (in USD thousands) (cont'd)

(iv) Statement of changes in equity for the financial period ended 28 February 2015

	Company							
	Share capital	**Treasury shares**	**Hedging reserves**	**Fair value adjustment reserves**	**Capital reserve**	**Translation reserve**	**Accumulated profits/(losses)**	**Total equity**
At 1 September 2014	94,578	-	-	10,832	-	-	25,838	131,248
Total comprehensive income for the financial period	-	-	-	(36,791)	-	-	(8,872)	(45,663)
Issuance of ordinary shares pursuant to reverse acquisition	218,476	-	-	-	-	-	-	218,476
Issuance of ordinary shares pursuant to share placement	46,045	-	-	-	-	-	-	46,045
Expenses on issue of ordinary shares	(1,888)	-	-	-	-	-	-	(1,888)
Purchase of treasury shares	-	(718)	-	-	-	-	-	(718)
One-tier tax exempt dividends of Norwegian Krone 1.12 per share	-	-	-	-	-	-	(19,331)	(19,331)
Total transactions with owners in their capacity as owners	262,633	(718)	-	-	-	-	(19,331)	242,584
At 28 February 2015	357,211	(718)	-	(25,959)	-	-	(2,365)	328,169

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The discussion below refers to the three months ended 29 February 2016 ("2Q FY2016") and the corresponding figures covers the three months ended 28 February 2015 ("2Q FY2015") for the Group's consolidated financial information. The discussion should be read in conjunction with the first quarter announcement for the period ended 30 November 2015 released on 11 January 2016, to obtain an overall understanding of the results for the first half financial year 2016 ("1H FY2016").

Revenue

Revenue for 2Q FY2016 amounted to USD30.5 million, a 50% decrease from the corresponding period. The decrease was mainly due to general weakness in the offshore industry. The shallow water platform support vessels ("PSV") and anchor handling, towing and supply vessels ("AHTS") segment continues to remain weak.

Cost of sales

Cost of sales for 2Q FY2016 amounted to USD45.9 million, as compared to USD50.4 million in 2Q FY2015, a 9% decrease. The decrease was mainly due to the effects of general cost savings from vessel related operations.

Other (expense)/income, net

The Group conducted a review of the carrying value of certain vessels in 2Q FY2016 (including those held through joint ventures) and recognised impairment losses on vessels (USD51.4 million) and EOL's investment in joint ventures (USD38.3 million). Other expense, net also include net losses from vessels entering into new sale and leaseback arrangements and vessel sale amounting to USD5.6 million and remeasurement of our investment in PV Keez Pte Ltd, to fair value less costs to sell amounting to USD3.5 million.

Administrative expenses

Administrative expenses for 2Q FY2016 increased to USD26.6 million due to a write-off of USD18.9 million on other receivables relating to the restructuring of a sale and leaseback transaction and provision for doubtful receivables of USD1.6 million on long overdue trade receivables.

Financial income

Financial income is recognised mainly in relation to the interest accrued on the loan extended to an associate and amortisation of interest income on the long term receivables.

Financial expense

Financial expense refers to interest incurred on bank loans. The increase in 2Q FY2016 relates to the increase in loan drawdowns for working capital and acquisition of vessels in 3Q FY2015 and 2Q FY2016.

Share of results of associates

Included in the share of results of associates for the current quarter relates to the share of results of PV Keez Pte Ltd and Intan Offshore Sdn Bhd amounting to USD2.9 million.

Share of results of joint ventures

The share of results of joint ventures is mainly derived from Emas Victoria (L) Bhd. 2Q FY2016 share of results decreased by 35% from the previous quarter mainly due to lower charter income earned by Emas Victoria (L) Bhd.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

Income tax

Income tax relates to the amount paid or expected to be paid to the respective tax authorities. The Group has exposure to income tax in various jurisdictions. The tax rates and tax laws used to compute the amounts are those that had been enacted or substantively enacted at the end of the reporting periods. Tax refund in the current period mainly relates to the successful utilisation of group reliefs.

Consolidated Statement of Financial Position

The discussion below refers to the financial position of the Group as at 29 February 2016 and 31 August 2015.

The Group's total assets amounted to USD1,330.9 million as at 29 February 2016 and USD1,490.5 million as at 31 August 2015. Property, plant and equipment decreased by USD18.3 million mainly due to the impairment of vessels amounting to USD51.4 million and depreciation of USD25.8 million. This is partially offset by vessel acquisition amounting to USD61.3 million.

Investments in joint ventures decreased by USD33.1 million, following an impairment charge of USD38.3 million which is partially offset by the share of results of joint ventures.

Other receivables and deposits decreased by USD62.2 million as a result of the write-off of other receivables of USD37.0 million (gross basis) and receipt of USD20.3 million from previous sale and leaseback transactions.

Balances due from associates decreased by USD24.6 million mainly due to the repayment of a shareholder's loan by an associate.

The investment in an associate has been reclassified to assets held for sale, which is carried at fair value less costs to sell, amounting to USD76.3 million.

The carrying value of certain fixed assets, joint venture companies and receivables were negatively impacted due to the depressed conditions and reduced activity in the offshore support sector.

The Group's total liabilities decreased by USD14.1 million to USD941.9 million as at 29 February 2016.

Other payables and accruals decreased by USD38.1 million mainly due to the reversal of operating lease arrangements.

Balance due to the holding company increased by USD19.8 million due to advances received.

8. Consolidated Statement of Cash Flows (in USD thousands)

	3 months ended		Period ended	
	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
Cash flows from operating activities				
(Loss)/profit before tax	(140,553)	11,726	(143,232)	161,064
Adjustments for:				
Depreciation expense	13,335	11,611	25,777	21,835
Impairment of property, plant and equipment	51,377	-	51,377	-
Loss/(gain) on disposal of property, plant and equipment	5,633	(1,070)	5,633	(1,070)
Remeasurement loss arising from step-acquisition of joint venture	-	-	-	6,031
Realised (gain)/loss on derivative instruments	(2)	4	(2)	(25)
Share of results of associates	(2,803)	(2,131)	(5,012)	(4,239)
Share of results of joint ventures	(2,885)	(4,410)	(6,408)	(7,020)
Bad debts written off	18,878	-	18,878	-
Bad debts recovered	(14)	-	(14)	(343)
Unrealised exchange loss/(gain)	984	(1,715)	242	(3,238)
Interest expense	5,744	3,826	10,937	6,944
Interest income	(789)	(678)	(1,473)	(1,192)
Allowance for doubtful debts	1,646	-	1,646	-
Provisional bargain purchase arising from the reverse takeover	-	-	-	(142,206)
Provisional bargain purchase arising from step-acquisition of joint venture	-	-	-	(1,290)
Impairment loss on joint ventures	38,293	-	38,293	-
Loss recognised on remeasurement to fair value less costs to sell	3,469	-	3,469	-
Impairment of goodwill	-	311	-	311
Operating cash flows before movements in working capital	(7,687)	17,474	111	35,562
(Increase)/decrease in:				
Inventories and work-in-progress	679	(1,676)	47	(1,737)
Trade receivables	(185)	4,687	4,030	15,518
Other debtors, deposits and prepayments	4,098	(3,962)	2,505	2,976
Due from holding company	5,017	(1,473)	5,722	(4,581)
Due from related parties	4,618	(351)	4,156	33,323
Due from associates	1,172	311	2,266	(3,699)
Due from joint ventures	(2,147)	(668)	(1,610)	(17,092)
(Decrease)/increase in:				
Trade payables	3,997	(4,023)	4,833	(12,165)
Other payables and accruals	588	(3,077)	(2,099)	(21,990)
Due to holding company	17,790	1,676	19,810	(83,120)
Due to associates	412	7	2,313	(187)
Due to joint ventures	-	1	-	1
Due to related parties	544	3,454	(1,321)	66,559
Cash generated from operations	28,896	12,380	40,763	9,368
Interest paid	(4,767)	(3,471)	(7,878)	(4,705)
Interest income received	307	509	1,836	621
Income taxes refunded/(paid)	360	(2,724)	(371)	(3,794)
Net cash flow generated from operating activities	24,796	6,694	34,350	1,490

8. Consolidated Statement of Cash Flows (in USD thousands) (cont'd)

	3 months ended		Period ended	
	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
Cash flows from investing activities				
Return of capital from joint ventures	450	-	1,239	-
Receipt of loan repayment from an associate	21,385	-	21,385	-
Acquisition of subsidiary, net of cash paid (Note 17)	-	-	-	15,862
Purchase of property, plant and equipment	(76,961)	(266)	(76,974)	(3,995)
Proceeds from disposal of assets held for sale	-	10,750	-	15,300
Proceeds from disposal of property, plant and equipment	18,670	4,074	18,670	4,074
Increase in cash pledged	(481)	(461)	(481)	(461)
Net cash flow (used in)/generated from investing activities	(36,937)	14,097	(36,161)	30,780
Cash flows from financing activities				
Proceeds from bills payable	-	1,493	-	5,000
Repayment of bills payable	(20,000)	(16,894)	(20,000)	(21,894)
Purchase of treasury shares	-	-	-	(718)
Proceeds from bank loans	58,317	12,318	59,785	43,632
Repayment of bank loans	(20,401)	(29,870)	(41,604)	(79,518)
Proceeds from issuance of placement shares, net of transactions costs	-	-	-	44,157
Repayment of lease obligations	(551)	-	(1,104)	-
Receipt/(payment) of derivative instrument, net	2	(4)	1	25
Net cash flow generated from/(used in) financing activities	17,367	(32,957)	(2,922)	(9,316)
Net increase/(decrease) in cash and cash equivalents	5,226	(12,166)	(4,733)	22,954
Effects of exchange on cash and cash equivalents	(44)	(587)	(9)	(476)
Cash and cash equivalents at beginning of the financial period	14,111	50,960	24,035	15,729
Cash and cash equivalents at end of the financial period	19,293	38,207	19,293	38,207

Breakdown of cash and cash equivalents is as follows:

	As at	
	29 Feb 2016	31 Aug 2015
Cash and bank balances	57,071	61,333
Less: Restricted cash	(37,778)	(37,298)
Cash and cash equivalents	19,293	24,035

9. Borrowings (in USD thousands)

a) Bank borrowings

	As at	
	29 Feb 2016	**31 Aug 2015**
<u>Amount repayable in one year or less, or on demand</u>		
Secured	140,925	157,679
Unsecured	48,184	48,123
	189,109	205,802
<u>Amount repayable after one year</u>		
Secured	428,515	412,726
Unsecured	-	-
	428,515	412,726
Total	617,624	618,528

<u>Details of any collateral</u>

The above bank loans are secured by way of legal mortgages on the vessels, cash deposits and the available for sale investment of the Group.

b) Lease obligations

	As at	
	29 Feb 2016	**31 Aug 2015**
<u>Amount repayable in one year or less, or on demand</u>		
Secured	10,744	1,188
<u>Amount repayable after one year</u>		
Secured	27	10,169
Total	10,771	11,357

<u>Financial covenants</u>

For the six months ended 29 February 2016, the Group had breached certain financial covenants relating to its borrowings. As at announcement date, the Group had rectified the breach by way of obtaining covenant waiver and/or amendments to the financial covenants by the lenders.

10. Share capital

	As at	
	29 Feb 2016	**31 Aug 2015**
	Number of ordinary shares	
Issued and paid up share capital		
As at 1 September	439,672,754	110,954,502
Issuance of ordinary shares pursuant to reverse acquisition	-	280,133,252
Share placement	-	48,585,000
As at 29 February/31 August	439,672,754	439,672,754

The Group acquired 1,240,430 shares through the Oslo Børs and SGX in October 2014 and November 2014. The total amount paid to acquire the shares has been deducted from shareholders' equity. The shares are held as treasury shares and all shares were fully paid for.

11. Dividends

No dividends were declared during the current and previous financial periods.

12. Segment Information

For management reporting purposes, the Group is organised into two main operating divisions:

- Marine Services division is mainly engaged in the owning, chartering and the management of offshore support vessels serving the oil and gas industry; and

- Production Services division provides engineering and project management services for the conversion of FPSOs and production facilities to third party clients.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations.

Inter-segment pricing, if any, is determined on an arm's length basis.

Income taxes are managed on a group basis and are not allocated to the operating segments.

In presenting geographical information, segment revenue is based on the billing location of customers. Non-current assets are based on the location of the companies that own those assets.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise net gains arising from the Business Combination.

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12. Segment Information (in USD thousands) (cont'd)

Business segments

The following table presents revenue and results information regarding the Group's business segments for the financial period ended 29 February 2016 and 28 February 2015:

	Marine		Production		Corporate		Total	
	Period ended 29 Feb 2016	Period ended 28 Feb 2015	Period ended 29 Feb 2016	Period ended 28 Feb 2015	Period ended 29 Feb 2016	Period ended 28 Feb 2015	Period ended 29 Feb 2016	Period ended 28 Feb 2015
Revenue	79,527	132,754	734	868	-	-	80,261	133,622
(Loss)/profit from operations	(32,083)	21,797	2,575	644	(3,663)	(4,039)	(33,171)	18,402
Financial income	949	473	522	718	2	1	1,473	1,192
Financial expenses	(6,672)	(5,548)	(1,079)	(815)	(3,186)	(581)	(10,937)	(6,944)
Share of results of associates	2,384	1,913	2,628	2,326	-	-	5,012	4,239
Share of results of joint ventures	-	-	8,168	7,834	(1,760)	(814)	6,408	7,020
Impairment loss on property, plant and equipment	(51,377)	-	-	-	-	-	(51,377)	-
Bad debts written off	(18,878)	-	-	-	-	-	(18,878)	-
Impairment loss on joint ventures	-	-	(33,968)	-	(4,325)	-	(38,293)	-
Loss recognised on remeasurement to fair value less costs to sell	-	-	(3,469)	-	-	-	(3,469)	-
Unallocated other income, net							-	137,155
Income tax							(459)	(2,998)
(Loss)/profit for the financial period							(143,691)	158,066
Other information								
Capital expenditure	76,974	3,729	-	-	-	-	76,974	3,729
Depreciation	25,777	21,133	-	699	-	3	25,777	21,835

12. Segment Information (in USD thousands) (cont'd)

Business segments

	Marine		**Production**		**Corporate**		**Total**	
	As at 29 Feb 2016	**As at 31 Aug 2015**	**As at 29 Feb 2016**	**As at 31 Aug 2015**	**As at 29 Feb 2016**	**As at 31 Aug 2015**	**As at 29 Feb 2016**	**As at 31 Aug 2015**
Assets								
Segment assets	1,065,966	1,157,062	214,531	264,689	50,378	68,706	1,330,875	1,490,457
Liabilities								
Segment liabilities	618,709	625,328	111,522	115,281	211,642	215,360	941,873	955,969
Other information								
Investment in associates	35,387	33,222	-	77,162	-	-	35,387	110,384
Investment in joint ventures	-	-	126,167	152,749	22,337	28,873	148,504	181,622
Asset held for sale	-	-	76,322	-	-	-	76,322	-

12. Segment Information (in USD thousands) (cont'd)

Geographical segment

Revenue and non-current assets by geographical segment are presented below:

a) Revenue – Note 1

	6 months ended 29 Feb 2016	6 months ended 28 Feb 2015
Singapore	7,671	96,926
Southeast Asia	27,894	17,742
Africa	30,123	9,988
Brazil	9,995	6,919
India	4,553	1,702
Others	25	345
Total	80,261	133,622

b) Non-current assets – Note 2

	As at 29 Feb 2016	As at 31 Aug 2015
Singapore	661,372	806,403
Malaysia	164,274	153,305
India	61,289	59,703
Others	34,522	28,482
Total	921,457	1,047,893

Information about major customers

At the end of the financial period, revenue from the Group's major customers per segment was as follows:

	6 months ended 29 Feb 2016	6 months ended 28 Feb 2015
Marine division:		
Customer 1	14,630	19,627
Customer 2	9,072	11,092
Customer 3	9,031	11,030
Production division	247	853

Notes:
1) Revenue is based on the location of customers
2) Non-current assets are based on the location of the companies that own those assets and consist of property, plant and equipment and investment in associates and joint ventures

13. Significant Related Party Transactions (in USD thousands)

	Period ended 29 Feb 2016	Period ended 28 Feb 2015
Income		
Revenue from related parties	29,900	21,671
Revenue from associates	1,059	641
Revenue from joint ventures	(4)	853
Interest income from an associate	521	860
Expenses		
Cost of sales charged by related parties	(189)	(593)
Interest expenses charged by the holding company	(1,811)	(360)
Management fees charged by the holding company	(945)	(2,412)
Management fees charged by a related party	(376)	(615)
Key management personnel compensation		
- Salaries, bonus and allowance	(893)	(1,314)
- Defined contribution plan expense	(16)	(12)

14. Fair values of financial assets and liabilities (in USD thousands)

The management considers that the carrying amounts of cash and bank balances, trade and other current receivables and payables to approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The management estimates that the fair value of the bank loans approximates their carrying value as the borrowings bear interest at floating rates or approximate floating rates. At the reporting date, the fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis are disclosed below:

	As at 29 Feb 2016		As at 31 Aug 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset				
Long term receivables	37,353	43,055	37,591	38,213
Financial liabilities				
Balance due to holding company	125,000	127,486	125,000	126,455
Balance due to a related company	31,993	*	31,970	*

Long term receivables and balance due to holding company – Fair values are estimated based on a discounted cash flow basis using the Group's weighted average interest rate of floating rate loans of 3.12% (2015: 2.76%) which is representative of the market rate applicable to companies with similar risk profile.

* Balance due to a related company – The amount is unsecured, non-interest bearing and have no fixed repayment terms and are repayable only when the Group's cash flow permits. Accordingly, fair value is not determinable as the timing of the future cash flows for the balance due to the related party cannot be estimated reliably.

14. Fair values of financial assets and liabilities (in USD thousands) (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair values of the Group's available-for-sale investment are based on the quoted closing market prices translated at closing rate on the last market day at the end of the reporting period to the financial statements and is classified as Level 1.

The Group's derivative financial instrument is classified as Level 2. There were no transfers between the different levels of the fair value hierarchy during the financial period.

15. Operations in the interim period

The Group's operations in Asia are subject to seasonal fluctuations due to monsoon. As a result, revenues and results for the first half of the financial year may be lower.

16. Commitments (USD thousands)

As at end of the reporting period, the Group had the following capital commitments relating to purchase of equipment, vessel and newbuilds.

	As at 29 Feb 2016	As at 31 Aug 2015
Purchase of vessel equipment	14,415	17,454
Vessel purchase/newbuilds	77,278	71,578
	91,693	89,032

17. Reverse acquisition undertaken by the Group (USD thousands)

Following the completion of the Business Combination on 3 October 2014, the OSS entities have been consolidated as a reverse acquisition. For the purpose of the reverse acquisition, the cost of acquisition of the legal subsidiaries listed under the OSS entities (the "Acquiring Group"), is recorded as equity. The cost of acquisition is determined using the fair value of the issued equity of the Group before the acquisition, being 110,952,502 shares at the market price of Norwegian Krone 5.09 (equivalent to USD 0.78) per share at the date of acquisition. It is deemed to be incurred by the Acquiring Group in the form of equity issued to Ezra.

17. Reverse acquisition undertaken by the Group (USD thousands) (cont'd)

The fair values of assets and liabilities of the pre-existing EOL entities acquired or assumed in the transaction, and the bargain purchase arising, are as follows:

Non-current assets	
Property, plant and equipment	116,248
Investment in associates	71,272
Investment in joint ventures	179,851
Long term receivables	22,645
	390,016
Current assets	
Trade receivables	6,772
Other receivables, deposits and prepayments	8,742
Balances due from	
- related companies	23
- associates	29,731
- joint ventures	15,034
Available for sale investment	56,003
Cash and bank balances	70,167
	186,472
Non-current liabilities	
Bank loans	46,953
Balances due to related company	48,080
Derivative financial instruments	407
	95,440
Current liabilities	
Trade payables	5,983
Other payables and accruals	71,241
Balances due to related companies	44,367
Bills payable to banks	121,872
Bank loans	18,375
Income tax payable	1,347
	263,185
Net assets and liabilities	217,863
Less: Net assets and liabilities attributable to non-controlling interest	(233)
Net assets acquired and liabilities assumed	217,630
Less: Provisional bargain purchase from acquisition of pre-existing EOL entities	(142,206)
Total consideration	75,424

17. Reverse acquisition undertaken by the Group (USD thousands) (cont'd)

The fair values of assets acquired and liabilities assumed, the remeasurement loss on existing stake in joint venture and the bargain purchase arising out of the step-up acquisition of the remaining 50% stake of Lewek Antares Shipping Pte Ltd, are as follows:

Non-current assets	
Property, plant and equipment	66,000
Current assets	
Balances due from related companies	143
Cash and bank balances	695
	838
Non-current liability	
Bank loans	26,775
Current liabilities	
Trade payables	61
Balances due to related companies	10,441
Bank loans	4,760
	15,262
Net assets acquired and liabilities assumed	24,801
Less: Book value of pre-existing 50% interest	(18,431)
Less: Remeasurement loss on pre-existing 50% interest	6,030
Less: Provisional bargain purchase from step-acquisition of joint venture	(1,290)
Total consideration	11,110

<u>Net cash outflow on reverse acquisition</u>

Cash and cash equivalent balances acquired	70,862
Less: Restricted cash	(30,000)
Less: Consideration paid in cash	(25,000)
Net cash inflow on reverse acquisition	15,862

<u>Impact of acquisition on the results of the Group</u>

Included in the profit for FY2015 is USD0.06 million attributable to the additional business generated by pre-existing EOL entities. Revenue for the period from pre-existing EOL entities amounted to USD17.9 million.

Had the Business Combination been effected on 1 September 2014, the revenue of the Group from continuing operations would have increased by USD3.5 million, and the profit for the period would have decreased by USD4.3 million.

18. Selected Notes to the Accounts

(i) Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements are also in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information should be read in conjunction with the Group's FY2015 annual financial statements, which include a full description of the Group's accounting policies.

The consolidated financial information has not been audited or reviewed.

(ii) Adoption of New And Revised Standards

The Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 September 2015. The adoption of these new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the amounts reported for the current or prior periods.

(iii) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimated useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of vessels. Management has assessed that the residual value of the vessels are not material. Changes in the business plans and strategies, expected level of usage and future technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

18. Selected Notes to the Accounts (cont'd)

(iii) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

a) Key sources of estimation uncertainty (cont'd)

Impairment of receivables

The Group assesses at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such allowances are adjusted periodically to reflect the actual and past experience.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use. The fair value less costs to dispose calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. It also enjoys tax incentives in Singapore. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

b) Critical judgments made in applying accounting policies

The following are the judgments made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Accounting for sale and leaseback arrangements

At the inception of the respective sale and leaseback arrangements, the Group has evaluated the substance of the transactions in accordance with the requirements of FRS 17 (revised) *Leases*, and concluded that the sales should be recognised upon completion of the respective transactions and the leasebacks should be accounted for as operating leases or finance lease respectively.

18. Selected Notes to the Accounts (cont'd)

(iii) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

b) Critical judgments made in applying accounting policies (cont'd)

Recoverability of AFS investments

At the reporting date, the Group has evaluated whether impairment charge on AFS investments is required due to significant or prolonged decline in the fair value below its cost. Pursuant to an undertaking provided on 15 December 2015, the ultimate holding company, Ezra Holdings Limited, has undertaken to buy from the Group its entire AFS investments at its initial cost and accordingly no impairment loss was recognised. The Group has until 31 December 2016 to sell its stake to Ezra Holdings Limited, subject to entering into definitive agreement.

(iv) Foreign currencies

The Group's consolidated financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Foreign currency transactions and balances

Transactions in a currency other than the respective functional currencies ("foreign currency") of the Company and its subsidiaries are recorded on initial recognition in the functional currencies at foreign exchange rates approximating those ruling at the dates of the transactions. Foreign currency monetary items are translated into the functional currency using foreign exchange rate ruling at the end of the reporting period. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated into the functional currency using foreign exchange rates at the dates of the transactions. Non-monetary items measured at fair value in foreign currencies are translated into the functional currency at exchange rates ruling at the dates the fair value was measured.

Exchange differences arising on the settlement of monetary items or translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Foreign operations

For consolidation purpose, the assets and liabilities of operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at average exchange rates for the financial year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss of the Group.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

18. Selected Notes to the Accounts (cont'd)

(iv) Foreign currencies (cont'd)

(b) Foreign operations (cont'd)

For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Translation of goodwill and fair value adjustments

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and are recorded in the functional currencies of the foreign entities and translated at the exchange rates prevailing at the reporting date.

(v) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or accumulated profits, as appropriate.

18. Selected Notes to the Accounts (cont'd)

(vi) Available-for-sale financial assets

AFS financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial recognition, AFS financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(vii) Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's net investment in the associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

18. Selected Notes to the Accounts (cont'd)

(vii) Associates and joint ventures (cont'd)

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

(viii) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Reverse acquisition

The acquisition of certain subsidiaries of the holding company ("Acquiring Group") on 3 October 2014 has been accounted for as a reverse acquisition and the Acquiring Group are considered the acquirer for accounting purposes. Accordingly, the consolidated financial statements for the financial period then ended are those of the Acquiring Group's consolidated financial statements. Since such consolidated financial statements represent a continuation of the financial statements of the Acquiring Group:

18. Selected Notes to the Accounts (cont'd)

(viii) Business combinations (cont'd)

Reverse acquisition (cont'd)

- the assets and liabilities of the Acquiring Group are recognised and measured in the statement of financial position of the Group at their pre-acquisition carrying amounts;
- the accumulated profits and other equity balances recognised in the consolidated financial statements are the accumulated profits and other equity balances of the Acquiring Group immediately before the Business Combination;
- the amount recognised as issued equity instruments in the consolidated financial statements is determined by adding to the issued equity of the Acquiring Group immediately before the Business Combination, less the costs of the reverse acquisition. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent, including the equity instruments issued by the Company to reflect the reverse acquisition; and
- the comparative figures presented in these consolidated financial statements are those of the Acquiring Group.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent. Therefore, the cost of the reverse acquisition for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values as at 3 October 2014. The excess of the Acquiring Group's interest in the net fair value of those items over the cost of the reverse acquisition is recognised as bargain purchase in the profit or loss.

19. Principal Risks and Uncertainties

The Group is exposed to various known and unknown risks and uncertainties. These uncertainties and risks could develop into actual events that could materially and adversely affect our business or financial conditions, the results of our operations or our prospects. These uncertainties and risks could include, among others:

- Changes in financial markets
- Changes in socioeconomic environments
- The availability of substitute services
- The competitive nature of the offshore oil and gas industry
- Oil and gas prices
- Oil and gas demand
- Improvements in technology
- Changes in local and foreign government regulations
- Changes in economic conditions or political events
- The inability of the Group to obtain financing for potential new builds or to maintain existing assets on favourable financing terms
- Changes in the spending plans of our customers
- Changes in the Group's operating expenses, including crew wages, insurance, dry-docking, repairs and maintenance
- Redeployment risks

As disclosed in the Financial Risk Management section of the EMAS Offshore Limited 2015 Annual Report, the Group is exposed to a number of financial risks including but not limited to credit risk, liquidity risk, foreign currency risk and interest rate risks. It is the policy of the Group to continuously monitor and review these risks and take the necessary steps to minimise the potential effects of these risks on the Group's performance.

Although some factors might be outside our control, as described above, the Group is actively managing any possible operational risk that could arise, through continuous improvements to the current business operational workflow, processes, practices and activities.

20. Key Financial Figures

	Notes	Period ended 29 Feb 2016	Period ended 28 Feb 2015
Net (loss)/profit (in USD thousands)		(143,691)	158,066
EBITDA (in USD thousands)		(107,991)	188,651
EBIT (in USD thousands)		(133,768)	166,816
Earnings per share – Basic and diluted (in USD cents)	A	(0.33)	0.56
Weighted average number of shares ('000)		438,432	280,133
Interest cover ratio (times)	B	-11.41	32.80
Return on equity	C	-31.1%	38.3%

	Notes	As at 29 Feb 2016	As at 31 Aug 2015
Net interest bearing debt (in USD thousands)	D	560,553	557,195
Net tangible assets attributable to the Parent (in USD thousands)		389,002	534,488
Debt equity ratio (times)	E	1.44	1.04
Current ratio (times)	F	1.06	1.09
Net asset value per ordinary share (in USD)	G	0.89	1.22

Notes:

A. Net profit / Weighted average number of shares
B. EBITDA / Net interest expenses
C. Net profit / Average book equity
D. Interest bearing bank debts less cash and bank balances
E. Net interest bearing bank debts / Equity
F. Current assets / Current liabilities
G. Net asset value / Issued share capital at end of the financial period

Financial covenants

For the six months ended 29 February 2016, the Group had breached certain financial covenants relating to its borrowings. As at announcement date, the Group had rectified the breach by way of obtaining covenant waiver and/or amendments to the financial covenants by the lenders.

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed set of financial information as set out in Pages 5 to 34 for the period from 1 September 2015 to 29 February 2016, which have been prepared in accordance with the current applicable International Financial Reporting Standards, give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the unaudited consolidated financial information includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

The Board of Directors and Management
EMAS Offshore Limited
14 April 2016

(signed)	(signed)	(signed)
Mr Lee Kian Soo Chairman	Dr Wang Kai Yuen Member	Mr Dale Bruce Alberda Member
(signed)	(signed)	(signed)
Mr Cuthbert (Chas) I. J. Charles Member	Captain Adarash Kumar A/L Chranji Lal Amarnath Chief Executive Officer	Mr Hsu Chong Pin Chief Financial Officer