EMAS

EMAS Offshore Limited

First Half FY2017

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 West Singapore, EOL holds an established market position in Asia Pacific, with current operations across West Africa and India as well. 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 West Africa, as well as India.

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.

4. Outlook

The market environment in the offshore oil and gas industry is expected to remain challenging.

While on a general uptrend, oil prices have not reached an extent that will result in a significant increase in activities in the offshore oil and gas sector. This is expected to continue and will have a negative impact on the Group's financial performance.

As previously announced the Company and certain of its subsidiaries are undergoing restructuring and are progressing in discussions with the various stakeholders. The Company will continue to update the market when there are significant developments.

5. Adjusting events

Events after the reporting period

i. *Winding-Up Application against Lewek Champion Shipping Pte Ltd*

On 5 May 2017, Hai Jiang 1401 Pte Ltd ("Hai Jiang") filed a winding up application with the High Court of Singapore to wind up Lewek Champion Shipping Pte Ltd ("Lewek Champion"), a wholly owned subsidiary of the Company on the basis of Lewek Champion's failure to pay Hai Jiang, *inter alia*, outstanding charterhire.

The winding up application against Lewek Champion was heard before the High Court of Singapore on 14 July 2017 and a winding up order has been made against Lewek Champion. Andrew Grimmett and Lim Loo Khoon, both care of Deloittle & Touche LLP, have been appointed as joint and several liquidators of Lewek Champion.

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

ii. Termination of various bareboat charters

a. Termination of bareboat charter of Lewek Toucan and Lewek Pelican

On 14 March 2017, the wholly owned subsidiaries of the Company, Emas Offshore Pte Ltd and Emas Offshore (M) Sdn Bhd (collectively "Charterers"), respectively received notices of termination to (i) terminate the bareboat charter dated 17 March 2016 between Seabird Penguin Offshore Limited ("Toucan Owner") and Emas Offshore Pte Ltd in respect of the vessel *"Lewek Toucan"*; and (ii) terminate the bareboat charter dated 19 May 2016 between Seabird Pelican Offshore Ltd. ("Pelican Owner") and the Emas Offshore (M) Sdn Bhd in respect of the vessel *"Lewek Pelican"*.

Both the Toucan Owner and Pelican Owner (Collectively "Owners") demanded in their respective notices of termination that: (a) the Charterers must within 10 business days pay to the Owners the charter hire for the remaining charter period; (b) the Charterers must redeliver the vessels to the Owners and the Owners will require immediate possession of the vessels; and (c) the Charterers are liable to pay damages to the Owners arising from the termination of the bareboat charters.

On 22 March 2017, the Charterers received notices of demand from the Owners. The total amount demanded for Toucan Charter and Pelican Charter were approximately US$7,442,000 and US$10,064,000 respectively. The Company has also provided corporate guarantees for both charters and the Owners have reserved their rights to make a demand against the Company.

b. Termination of bareboat charter of Lewek Ariel, Lewek Lynx and Lewek Alkaid

On 2 November 2017, a wholly owned subsidiary of the Company, Emas Offshore (M) Sdn Bhd ("Charterer"), received notices of termination to (i) terminate the bareboat charter dated 17 February 2011 between Marina Morganite Shipping Limited ("Ariel Owner") and the Charterer in respect of the vessel *"Lewek Ariel"*; (ii) terminate the bareboat charter dated 31 October 2014 between Marina Moss Shipping Limited ("Lynx Owner") and Charterer in respect of the vessel *"Lewek Lynx"; and (iii)* terminate the bareboat charter dated 26 April 2011 between Marina Tanzanite Shipping Limited ("Alkaid Owner") and Charterer in respect of the vessel *"Lewek Alkaid" (collectively the "Charters")*.

The Ariel Owner, the Lynx Owner and the Alkaid Owner (Collectively "Owners") demanded in their respective notices of termination that: (a) the vessels "*Lewek Ariel*", "*Lewek Lynx*" and "*Lewek Alkaid*" (collectively the "Vessels") must be safely redelivered at safe anchorage in Singapore or such other port or lace required by the Owners; (b) all relevant documents and information relating to the Vessels to be delivered to enable the Owners to take redelivery effectively; and (c) the Charterer should agree to the joint appointment of a surveyor nominated by the Owners so as to determine and agree to the condition of the Vessels at the time of redelivery. The total amount demanded for the three vessels amounted to US$13,170,000.

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

iii. *Corporate guarantees given for bank facilities pertaining to associated companies and joint ventures companies with PPT*

The Company has issued proportionate corporate guarantees in relation to bank facilities pertaining to associated companies and joint ventures companies with PPT.

On 12 October 2016, PPT has announced that it triggered a prescribed criteria pursuant to paragraph 8.04 and paragraph 2.1(f) of Practice Note 17 ("PN17") of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("**Bursa Securities**") due to its wholly owned subsidiary, Perisai Capital (L) Inc's default in payment of principal and interest of the Notes. PPT was thus unable to provide a solvency declaration to Bursa Securities. As such an event of default has been triggered at the various bank facilities. Proportionate corporate guarantees given by the Company will become due and payable on demand.

iv. *Financial Restructuring of Emas Chiyoda Subsea (UK) Limited ("ECS")*

Subsequent to 31 August 2016, ECS, a related company of the Company, together with its subsidiaries (collectively "ECS Group") went into financial restructuring under Chapter 11 on 27 February 2017 and the proposed restructuring plan was approved by the Court on 29 June 2017. Under the Court's approved restructuring plan, the unsecured claims against ECS Group are impaired and these claims will be paid out of the remaining cash pool.

The Group expects to recover significantly lesser than the amount owed. No allowance for impairment has been made in these consolidated financial statements.

v. *Financial Restructuring of Triyards Holdings Limited ("Triyards")*

On 6 September 2017, Triyards, a related company of the Company, announced that it had engaged a financial advisor who is currently working with Triyards with an aim to put up restructuring plan to its various stakeholders. In light of this, Triyards is not in a position to assess reasonably its financial position and could have a potential going concern issue until a viable restructuring plan is in place.

The Group has receivables due from Triyards and these amounts might potentially be unrecoverable if Triyards is unable to resolve its going concern issue.

vi. *Financial Restructuring*

As at 27 February 2017 and 31 August 2016, the Group was in a net current liabilities position and had breached certain financial covenants. On 13 December 2016, the Company announced that it had reached an agreement with all of its financial lenders to refinance its financial obligations over a period of 5 years from 12 December 2016. The agreement also contemplates the raising of additional working capital facilities ("Ongoing Initiatives").

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

vi. Financial Restructuring (cont'd)

On 2 March 2017, the Company announced that the completion of the above Ongoing Initiatives have been delayed as the Company's ultimate holding company had voluntarily filed a petition for relief under Chapter 11 of the United States Bankruptcy Code to obtain the protection of the United States Bankruptcy Court while a restructuring exercise is being pursued. It also announced that if the Ongoing Initiatives do not result in a favourable and timely outcome, the Group will be faced with a going concern issue.

In August 2017, the Company entered into a binding term sheet with certain potential investors ("**Term Sheet**") for the injection of an aggregate amount of US$50 million into the Company as part of the financial restructuring of the Group ("**Restructuring Exercise**"). The total investment amount to be made by the potential investors is US$50 million for the Restructuring Exercise. The Group intends to undertake a Restructuring Exercise to restructure its existing secured and unsecured liabilities as well as any outstanding obligations and any contingent liabilities in order to substantially deleverage the Company's balance sheet and strengthen its working capital position, enabling the Group to continue as a going concern.

Pursuant to the terms of the Term Sheet, the Restructuring Exercise contemplated may be abandoned, and the Term Sheet may be terminated, at any time prior to the closing of the investment contemplated under the Term Sheet by any of the potential investors or the Company if the Restructuring Exercise is not under way by or the Scheme applications was not filed by 30 October 2017.

On 9 December 2017, the Company exercised its right under the Term Sheet to terminate the Term Sheet and entered into a new binding term sheet with one of the potential investors ("**New Term Sheet**") in relation to the proposed cash investment of US$50 million ("**Investment**") into the Company. The Investment under the New Term Sheet may be structured at the option of that potential investor as a stand-alone investment or as a cornerstone investment for a traditional capital market equity raise and/or an investment alongside a co-investor (collectively the "Investors"). If there is no other co-investor and/or subscriber, the entire Investment of US$50 million will be injected by that potential investor that entered into the New Term Sheet.

In connection with the Restructuring Exercise, the Company, together with its wholly owned subsidiaries, Emas Offshore Pte Ltd and Emas Offshore Services Pte Ltd (collectively the "Entities"), filed voluntarily applications in the High Court of the Republic of Singapore ("**Singapore High Court**") under section 211B(1) of the Companies Act (Chapter 50) (the "**211B Applications**"). On 25 September 2017, the Singapore High Court granted the 211B Applications and ordered that, *inter alia*, no legal proceedings, execution, distress or other legal process and no steps to enforce any security over any property of the Entities, right or re-entry or forfeiture under any lease in respect of any premises occupied by the Entities may be enforced against the Entities ("**Moratorium**").

The Moratorium will thus provide stability for the daily operations of the Group, enabling it to continue operations with the support of the key trade suppliers and also provides the Entities an opportunity as well as adequate time to pursue the Restructuring Exercise.

On 11 December 2017, the Entities filed applications in the Singapore High Court under section 210(1) of the Companies Act (Chapter 50) ("the "**Scheme Applications**") to seek leave of court to convene their respective creditors' meeting for the purposes of considering and, if thought fit, approving with or without modification the respective scheme of arrangement proposed to be made between the Entities and their creditors to deal with the settlement and discharge of outstanding debts ("**Schemes**"). As at the date of this report, the Scheme Applications are pending.

Subject to the completion of the Investment and successful restructuring of the liabilities of the Group, the balance sheet of the Group and Company will be deleveraged substantially and the new funds will provide additional working capital which would enable the Group to continue as a going concern.

Although the Restructuring Exercise has yet to be concluded, the potential investors and the Company are continuing to work together to progress the Restructuring Exercise.

The Group wishes to highlight the "Disclaimer of Opinion" as contained in the independent auditor's report in relation to the audited Financial Statements of financial year ended 31 August 2016 ("Audited FS FY2016"). As disclosed in the Audited FS FY2016, with reference to the "Events after reporting period" as discussed above and the "Basis of preparation" as per Note 18 to this report, the Consolidated Statement of Profit and Loss and Other Comprehensive Income and Statements of Financial Statement as per Note 6 and Note 7 respectively of this report are also prepared on the assumption of going concern.

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

	3 months ended		% increase/ (decrease)	Period ended		% increase/ (decrease)
	28 Feb 2017	29 Feb 2016		28 Feb 2017	29 Feb 2016	
Revenue	37,979	30,510	24	80,516	80,261	0
Cost of sales	(45,288)	(45,920)	(1)	(88,039)	(96,732)	(9)
Gross loss	(7,309)	(15,410)	(53)	(7,523)	(16,471)	(54)
Other income/(expense), net	230	(99,299)	nm	4,684	(98,767)	nm
Administrative expenses	(6,355)	(26,577)	(76)	(10,246)	(29,950)	(66)
Loss from operations	(13,434)	(141,286)	(90)	(13,085)	(145,188)	(91)
Financial income	(500)	789	nm	2,752	1,473	87
Financial expenses	(6,008)	(5,744)	5	(15,603)	(10,937)	43
Share of results of associates	1,322	2,803	(53)	2,625	5,012	(48)
Share of results of joint ventures	3,011	2,885	4	6,052	6,408	(6)
Loss before tax	(15,609)	(140,553)	(89)	(17,259)	(143,232)	(88)
Income tax	(367)	90	nm	(931)	(459)	103
Loss after tax	(15,976)	(140,463)	(89)	(18,190)	(143,691)	(87)
Other comprehensive income:						
Items that may be reclassified to profit or loss:						
Effective portion of changes in fair value of cash flow hedges	-	7	nm	-	47	nm
Exchange difference on translation of foreign operations	399	19	nm	(499)	(626)	(20)
Change in fair value of available for sale investment	-	(1,575)	nm	-	(1,216)	nm
Total comprehensive income for the financial period	(15,577)	(142,012)	(89)	(18,689)	(145,486)	(87)
Total comprehensive income for the financial period attributable to:						
Equity holder of the Company	(15,577)	(142,012)	(89)	(18,689)	(145,486)	(87)
Non-controlling interests	-	*	nm	-	*	nm
Total comprehensive income for the financial period	(15,577)	(142,012)	(89)	(18,689)	(145,486)	(87)
Loss per share (US cents)	(0.04)	(0.32)	(88)	(0.04)	(0.33)	(88)

** Less than USD1,000*

nm – Not meaningful

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

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

	3 months ended		**% increase/ (decrease)**	**Period ended**		**% increase/ (decrease)**
	28 Feb 2017	**29 Feb 2016**		**28 Feb 2017**	**29 Feb 2016**	
Exchange (loss)/gain, net	(1,083)	(603)	80	1,948	(149)	nm
Depreciation	(9,096)	(13,335)	(32)	(22,664)	(25,777)	(12)
Impairment loss on joint ventures	-	(38,293)	nm	-	(38,293)	nm
Fair value changes of derivative instruments	42	-	nm	90	-	nm
Loss on disposal of property, plant and equipment	(30)	(5,633)	(99)	(30)	(5,633)	(99)
Impairment loss on property, plant and equipment	-	(51,377)	nm	-	(51,377)	nm
Allowance for doubtful receivables	(2,193)	(1,646)	33	(2,193)	(1,646)	33
Bad debts written off	-	(18,878)	nm	-	(18,878)	nm
Bad debts recovered	-	14	nm	-	14	nm
Loss recognised on remeasurement to fair value less costs to sell	-	(3,469)	nm	-	(3,469)	nm
Reversal of provision for onerous contracts	340	-	nm	680	-	nm

nm – Not meaningful

7. Statements of Financial Position (in USD thousands)

	Group			Company		
	As at 28 Feb 2017	As at 31 Aug 2016	% increase/ (decrease)	As at 28 Feb 2017	As at 31 Aug 2016	% increase/ (decrease)
ASSETS						
Non-current assets						
Property, plant and equipment	683,782	742,943	(8)	-	-	-
Investment in subsidiaries	-	-	-	27,917	27,917	-
Investment in associates	19,523	17,116	14	-	-	-
Investment in joint ventures	109,995	103,943	6	103,392	103,392	-
Derivative financial assets	25,342	-	nm	-	-	-
Long term receivables	13,006	12,634	3	-	-	-
Lease receivables	1,051	1,222	(14)	-	-	-
	852,699	877,858	(3)	131,309	131,309	-
Current assets						
Inventories and work-in-progress	1,694	1,764	(4)	-	-	-
Lease receivables	804	592	36	-	-	-
Trade receivables	22,992	16,471	40	-	-	-
Other receivables and deposits	20,597	15,321	34	1,834	105	nm
Prepayments	9,347	14,165	(34)	163	1,206	(86)
Balances due from						
- holding company	9,196	9,196	-	-	-	-
- subsidiaries	-	-	-	502,353	336,420	49
- related parties	95,797	92,769	3	4	-	nm
- associates	4,902	11,285	(57)	-	-	-
- joint ventures	8,370	8,351	0	7,155	7,155	-
Cash and cash equivalents	14,982	12,484	20	500	362	38
	188,681	182,398	3	512,009	345,248	48
Asset held for sale	-	29,597	nm	-	-	-
	188,681	211,995	(11)	512,009	345,248	48
Total assets	**1,041,380**	**1,089,853**	(4)	**643,318**	**476,557**	35
LIABILITIES AND EQUITY						
Non-current liabilities						
Other payables	4,723	-	nm	4,723	-	nm
Balances due to						
- holding company	125,000	125,000	-	125,000	125,000	-
Deferred income	24,265	26,396	(8)	-	-	-
Derivative financial instruments	610	266	129	-	-	-
Deferred tax liabilities	1,529	1,675	(9)	-	-	-
Total non-current liabilities	156,127	153,337	2	129,723	125,000	4

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

	Group			Company		
	As at 28 Feb 2017	As at 31 Aug 2016	% increase/ (decrease)	As at 28 Feb 2017	As at 31 Aug 2016	% increase/ (decrease)
Current liabilities						
Trade payables	51,509	36,039	43	-	-	-
Other payables and accruals	54,900	55,440	(1)	5,174	4,392	18
Balances due to						
- holding company	55,668	52,051	7	27,515	23,898	15
- subsidiaries	-	-	-	309,578	147,872	109
- related parties	13,950	9,162	52	1,759	1,293	36
- associates	22,900	15,279	50	-	-	-
- joint ventures	-	103	nm	-	-	-
Bills payable to banks	24,929	101,464	(75)	22,000	22,000	-
Derivative financial instruments	20,895	20,719	1	20,719	20,719	-
Onerous contracts	23,545	24,225	(3)	-	-	-
Deferred income	4,108	4,108	-	-	-	-
Lease obligations	54,614	97,002	(44)	-	-	-
Bank term loans	522,911	466,829	12	45,000	45,000	-
Income tax payable	8,399	8,481	(1)	128	133	(4)
Total current liabilities	858,328	890,902	(4)	431,873	265,307	63
Capital and reserves						
Share capital	229,541	229,541	-	357,211	357,211	-
Treasury shares	(718)	(718)	-	(718)	(718)	-
Accumulated losses	(201,677)	(183,487)	10	(274,771)	(270,243)	2
Translation reserve	(5,378)	(4,879)	10	-	-	-
Capital reserve	5,157	5,157	-	-	-	-
Total equity	26,925	45,614	(41)	81,722	86,250	(5)
Total liabilities and equity	**1,041,380**	**1,089,853**	(4)	**643,318**	**476,557**	35

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

(i) Statement of changes in equity for the financial period ended 28 February 2017

	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 2016	229,541	(718)	-	-	5,157	(4,879)	(183,487)	45,614	-	45,614
Total comprehensive income for the financial period	-	-	-	-	-	(499)	(18,190)	(18,689)	-	(18,689)
At 28 February 2017	229,541	(718)	-	-	5,157	(5,378)	(201,677)	26,925	-	26,925

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

	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 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

** Less than USD1,000*

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

(iii) Statement of changes in equity for the financial period ended 28 February 2017

	Company							
	Share capital	Treasury shares	Hedging reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated losses	Total equity
At 1 September 2016	357,211	(718)	-	-	-	-	(270,243)	86,250
Total comprehensive income for the financial period	-	-	-	-	-	-	(4,528)	(4,528)
At 28 February 2017	357,211	(718)	-	-	-	-	(274,771)	81,722

(iv) 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 profits/(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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The discussion below refers to the six months ended 28 February 2017 (“1HFY2017”) and the corresponding figures covers the six months ended 29 February 2016 (“1HFY2016”) for the Group’s consolidated financial information.

Revenue
Revenue for 1HFY2017 was comparable to 1HFY2016, which continued to be impacted by weak market environment resulting in low utilization and charter rates.

Cost of sales
Cost of sales for 1HFY2017 amounted to USD88.0 million, as compared to USD96.7million in 1H FY2016, a 9% decrease. The decrease was mainly due to idle vessels being laid up as part of cost savings strategy.

Other (expense)/income, net
The increase in other (expense)/income, net for 1HFY2017 was mainly due to the absence of one off impairment loss on joint venture and property, plant and equipment in 1HFY2016.

Administrative expenses
Administrative expenses for 1HFY2017 amounted to USD10.2million, a 66% decrease from 1HFY2016. The decrease was mainly due to the absence of a write-off USD18.9 million on other receivables relating to the restructuring of a sale and leaseback transaction.

Financial income
Financial income was recognised mainly in relation to the interest accrued on the loan extended to an associate and the amortisation of interest income on the long term receivables. Financial income increased by 87% in 1HFY2017, due to a higher amortization of interest income on long term receivables.

Financial expenses
Financial expenses refer to interest incurred on bank loans. The increase in 1HFY2017 mainly arose from higher interest rate charged on the bank facilities during the financial period.

Share of results of associates
The share of results of associates for the current quarter refers to the share of results of Intan Offshore Sdn Bhd. Share of results of associates decreased by 48% quarter-on-quarter as the Group ceased to share the profits of PV Keez Pte Ltd with effect from 1 March 2016, following its reclassification to asset held for sale. PV Keez Pte Ltd was subsequently disposed in December 2016.

Share of results of joint ventures
The share of results of joint ventures was mainly derived from Emas Victoria (L) Bhd. 1HFY2017 share of results decreased by 6% from the previous corresponding quarter due to the poor performance from the joint ventures.

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.

Consolidated Statement of Financial Position

The discussion below refers to the financial position of the Group as at 31 August 2016 and 28 February 2017.

The Group's total assets amounted to USD1,041.4 million as at 28 February 2017 and USD1,089.9 million as at 31 August 2016.

There was a slight decrease in non-current assets mainly due to the depreciation of the property, plant and equipment. This was offset by the recognition of a derivative asset amounting to USD 25.3 million pertaining to the deferred consideration arising from the disposal of PV Keez Pte Ltd.

The decrease in current assets was mainly due to the disposal of asset held for sale in December 2016 as well as a repayment of amount due from associates following the disposal of PV Keez Pte Ltd.

The Group's total liabilities decreased slightly by 3% to USD1,014.5 million as at 28 February 2017. This was mainly due to total bank loans and bill payables were reduced by USD20.5mil in aggregate to USD547.8 million as at 28 February 2017, following the repayment of a facility in December 2016 arising from the disposal of PV Keez Pte. Ltd.

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

	3 months ended		Period ended	
	28 Feb 2017	29 Feb 2016	28 Feb 2017	29 Feb 2016
Cash flows from operating activities				
Loss before tax	(15,609)	(140,553)	(17,259)	(143,232)
Adjustments for:				
Depreciation expense	9,096	13,335	22,664	25,777
Impairment loss on property, plant and equipment	-	51,377	-	51,377
Loss on disposal of property, plant and equipment	30	5,633	30	5,633
Realised loss/(gain) on derivative instruments	17	(2)	16	(2)
Share of results of associates	(1,322)	(2,803)	(2,625)	(5,012)
Share of results of joint ventures	(3,011)	(2,885)	(6,052)	(6,408)
Fair value changes of derivative instruments	(42)	-	(90)	-
Bad debts written off	-	18,878	-	18,878
Bad debts recovered	-	(14)	-	(14)
Unrealised exchange loss/(gain)	1,022	984	(2,075)	242
Interest expense	6,008	5,744	15,603	10,937
Interest income	500	(789)	(2,752)	(1,473)
Loss recognised on remeasurement to fair value less costs to sell	-	3,469	-	3,469
Allowance for doubtful receivables	2,193	1,646	2,193	1,646
Impairment loss on joint ventures	-	38,293	-	38,293
Reversal of provision for onerous contracts	(340)	-	(680)	-
Gain on disposal of asset held for sale	137	-	137	-
Operating cash flows before movements in working capital	(1,321)	(7,687)	9,110	111
(Increase)/decrease in:				
Inventories and work-in-progress	(585)	679	70	47
Trade receivables	49	(185)	(8,713)	4,030
Other debtors, deposits and prepayments	(3,188)	4,098	(1,326)	2,505
Due from holding company	-	5,017	-	5,722
Due from related parties	(2,220)	4,618	(3,033)	4,156
Due from associates	(166)	1,172	(600)	2,266
Due from joint ventures	(47)	(2,147)	(15)	(1,610)
Increase/(decrease) in:				
Trade payables	11,269	3,997	11,817	4,833
Other payables and accruals	(5,270)	588	(9,970)	(2,099)
Due to holding company	769	17,790	1,417	19,810
Due to associates	3,556	412	7,620	2,313
Due to joint ventures	-	-	(103)	-
Due to related parties	3,589	544	4,788	(1,321)
Cash generated from operations	6,435	28,896	11,062	40,763
Interest paid	(3,667)	(4,767)	(4,310)	(7,878)
Interest income received	2,287	307	2,339	1,836
Income taxes paid	(128)	360	(1,158)	(371)
Net cash flow generated from operating activities	4,927	24,796	7,933	34,350

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

	3 months ended		Period ended	
	28 Feb 2017	**29 Feb 2016**	**28 Feb 2017**	**29 Feb 2016**
Cash flows from investing activities				
Return of capital from joint ventures	-	450	-	1,239
Receipt of loan repayment from a joint venture	6,984	-	6,984	-
Receipt of loan repayment from an associate	-	21,385	-	21,385
Purchase of property, plant and equipment	-	(76,961)	(2,753)	(76,974)
Proceeds from disposal of assets held for sale	10,368	-	10,368	-
Proceeds from disposal of property, plant and equipment	8	18,670	8	18,670
Decrease/(increase) in cash pledged	-	(481)	289	(481)
Net cash flow generated from/(used in) investing activities	17,360	(36,937)	14,896	(36,161)
Cash flows from financing activities				
Proceeds from bills payable	(17,489)	-	(17,489)	-
Repayment of bills payable	-	(20,000)	-	(20,000)
Proceeds from bank loans	-	58,317	-	59,785
Repayment of bank loans	(597)	(20,401)	(2,481)	(41,604)
Repayment of lease obligations	-	(551)	-	(1,104)
(Payment)/receipt of derivative instrument, net	(17)	2	(16)	1
Net cash flow (used in)/generated from financing activities	(18,103)	17,367	(19,986)	(2,922)
Net increase/(decrease) in cash and cash equivalents	4,184	5,226	2,843	(4,733)
Effects of exchange on cash and cash equivalents	29	(44)	(56)	(9)
Cash and cash equivalents at beginning of the financial period	10,176	14,111	11,602	24,035
Cash and cash equivalents at end of the financial period	14,389	19,293	14,389	19,293

Note:
Breakdown of cash and cash equivalents is as follows:

	As at	
	28 Feb 2017	**31 Aug 2016**
Cash and bank balances	14,982	12,484
Less: Restricted cash	(593)	(882)
Cash and cash equivalents	14,389	11,602

10. Borrowings (in USD thousands)

a) Bank borrowings

	As at	
	28 Feb 2017	**31 Aug 2016**
Amount repayable in one year or less, or on demand		
Secured	517,149	519,629
Unsecured	30,691	48,664
	547,840	568,293
Amount repayable after one year		
Secured	-	-
	-	-
Total	547,840	568,293

Details of any collateral

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

b) Lease obligations

	As at	
	28 Feb 2017	**31 Aug 2016**
Amount repayable in one year or less, or on demand		
Secured	54,614	97,002
	54,614	97,002
Amount repayable after one year		
Secured	-	-
	-	-
Total	54,614	97,002

Financial covenants

With reference to Note 5 (iv), the Group has presented all its bank term loans and lease obligations as current liabilities at the end of the reporting period as it had breached certain financial covenants as at 31 August 2016.

11. Share capital

	As at	
	28 Feb 2017	31 Aug 2016
	Number of ordinary shares	
Issued and paid up share capital		
As at 1 September and 28 February	439,672,754	439,672,754

12. Dividends

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

13. 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.

13. 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 year ended 28 February 2017 and 29 February 2016:

	Marine		Production		Corporate		Total	
	Period ended 28 Feb 2017	Period ended 29 Feb 2016	Period ended 28 Feb 2017	Period ended 29 Feb 2016	Period ended 28 Feb 2017	Period ended 29 Feb 2016	Period ended 28 Feb 2017	Period ended 29 Feb 2016
Revenue	79,832	79,527	684	734	-	-	80,516	80,261
(Loss)/profit from operations	(10,493)	(32,083)	969	2,575	(4,281)	(3,663)	(13,085)	(33,171)
Financial income	2,752	949	-	522	-	2	2,752	1,473
Financial expenses	(11,051)	(6,672)	(828)	(1,079)	(3,724)	(3,186)	(15,603)	(10,937)
Share of results of associates	2,625	2,384	-	2,628	-	-	2,625	5,012
Share of results of joint ventures	-	-	7,607	8,168	(1,555)	(1,760)	6,052	6,408
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)
Income tax							(931)	(459)
Loss for the financial period							(18,190)	(143,691)
Other information								
Capital expenditure	2,753	76,974	-	-	-	-	2,753	76,974
Depreciation	22,664	25,777	-	-	-	-	22,664	25,777

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

Business segments

	Marine		Production		Corporate		Total	
	As at 28 Feb 2017	As at 31 Aug 2016	As at 28 Feb 2017	As at 31 Aug 2016	As at 28 Feb 2017	As at 31 Aug 2016	As at 28 Feb 2017	As at 31 Aug 2016
Assets								
Segment assets	940,030	938,371	64,644	124,056	36,706	27,426	1,041,380	1,089,853
Liabilities								
Segment liabilities	699,419	723,225	88,462	79,058	226,574	241,956	1,014,455	1,044,239
Other information								
Investment in associates	19,523	17,116	-	-	-	-	19,523	17,116
Investment in joint ventures	-	-	91,704	83,191	18,291	20,752	109,995	103,943
Asset held for sale	-	-	-	29,597	-	-	-	29,597

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

Geographical segment

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

a) Revenue – Note 1

	Period ended 28 Feb 2017	Period ended 29 Feb 2016
Singapore	13,652	7,671
Southeast Asia	27,643	27,894
Africa	24,323	30,123
Brazil	-	9,995
India	9,279	4,553
Others	5,619	25
Total	80,516	80,261

b) Non-current assets – Note 2

	As at 28 Feb 2017	As at 31 Aug 2016
Singapore	657,786	663,306
Malaysia	133,509	135,545
India	27,669	28,394
Others	20,729	37,979
Total	839,693	865,224

Information about major customers

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

	Period ended 28 Feb 2017	Period ended 29 Feb 2016
Marine division:		
Customer 1	11,403	14,630
Customer 2	10,721	9,072
Customer 3	6,490	9,031
Production division	701	247

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, investment in associates and joint ventures and lease receivables

14. Significant Related Party Transactions (in USD thousands)

	Period ended 28 Feb 2017	Period ended 29 Feb 2016
Income		
Revenue from related parties	12,381	29,900
Revenue from associates	921	1,059
Revenue from joint ventures	-	(4)
Interest income from an associate	-	521
Expenses		
Cost of sales charged by related parties	(2,608)	(189)
Cost of sales charged by associates	(3,116)	(6,350)
Interest expenses charged by the holding company	(2,200)	(1,811)
Management fees charged by the holding company	(556)	(945)
Management fees charged by a related party	(402)	(376)
Key management personnel compensation		
- Salaries, bonus and allowance	(2,055)	(893)
- Defined contribution plan expense	(35)	(16)

15. 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 28 Feb2017		As at 31 Aug 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset				
Long term receivables	13,006	16,410	12,634	16,410
Financial liabilities				
Balance due to holding company	125,000	129,224	125,000	129,224

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 3.31% (2016: 3.31%) which is representative of the market rate applicable to companies with similar risk profile.

15. 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.

16. 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.

17. Commitments (USD thousands)

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

	As at 28 Feb 2017	As at 29 Feb 2016
Purchase of vessel equipment	-	14,415
Vessel purchase/newbuilds	-	77,278
	-	91,693

The Group intends to terminate two shipbuilding contracts in relation to the above which is expected to result to no further capital commitments of the Group.

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 FY2016 annual financial statements, which include a full description of the Group’s accounting policies.

As at 28 February 2017 and 31 August 2016, the Group was in a loss making position of US$18,190,000 and US$535,240,000 respectively and net current liabilities position of US$669,647,000 and US$678,907,000 respectively, and had breached certain financial covenants during the financial period/year. In addition, the cashflows of the Group has been extremely challenging in which the Group has not been paying its principal and interests to financial institutions as well as bareboat payments to its lessors. The Group has also received various letters of demand from vendors, financial institutions and lessors. As such, the Group has started its refinancing discussion with the various financial institutions to refinance its financial obligations. The Group was in initial discussion with all its financial lenders to refinance its financial obligations over a period of 5 years from December 2016 (“Refinancing”) and retrospectively exempt the Group from complying with financial covenants until FY2020. The agreement also contemplates the raising of new working capital facilities, which is subject to certain conditions (“Ongoing Initiatives”).

In March 2017, the Company announced that the completion of the above Ongoing Initiatives have been delayed as the ultimate holding company had voluntarily filed a petition for relief under Chapter 11 of the United States Bankruptcy Code to obtain the protection of the United States Bankruptcy Court while a restructuring is being pursued. Such action has impacted the completion of the Ongoing Initiatives negatively. As such, the Group is unable to complete the Ongoing Initiatives in a timely manner, and it will not be able to discharge its liabilities in the ordinary course of business hence significantly affecting the Group’s going concern and its daily operations.

In August 2017, the Company entered into a binding term sheet with certain potential investors as part of the financial restructuring of the Group (“**Restructuring Exercise**”). The Group intends to undertake a Restructuring Exercise to restructure its existing secured and unsecured liabilities as well as any outstanding obligations and any contingent liabilities to substantially deleverage the Group and Company’s balance sheet and strengthen its working capital position to enable the Group to continue as a going concern.

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

(i) Basis of preparation (cont'd)

The Restructuring Exercise is proposed to be carried out mainly by way of: (i) Schemes under Section 210 or Section 211 of the Companies Act (Chapter 50 of Singapore) in Singapore to deal with settlement and discharge of outstanding debts; and (ii) the issuance of new shares in the Company for subscription by the Investors. The total investment amount to be made by the Investors is estimated to be US$50 million for the Restructuring Exercise.

In connection with the Restructuring Exercise, the "Entities", made the 211B Applications to the Singapore High Court and on 25 September 2017, the Singapore High Court granted the 211B Applications and the Moratorium. The Moratorium will thus provide stability for the daily operations of the Group, enabling it to continue operations with the support of the key trade suppliers, and also provide the Entities an opportunity as well as adequate time to pursue the Restructuring Exercise.

On 11 December 2017, the Entities filed the Scheme Applications in the Singapore High Court under section 210(1) of the Companies Act (Chapter 50) to seek leave of court to convene their respective creditors' meeting for the purposes of considering and, if thought fit, approving with or without modification the respective Scheme to be made between the Entities and their creditors. As at the date of this report, the Scheme Applications are pending.

Upon the completion of the Restructuring Exercise and the injection of new funds, the balance sheet of the Group and Company will be deleveraged substantially and the new funds will provide working capital support to enable the Group to continue as a going concern. The directors of the Company believed that the Group and the Company will be able to successfully complete the financial restructuring exercise and accordingly, the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

If the financial statements are presented on a realisation basis, the carrying value of its assets and liabilities may be materially different. If the Group and Company is unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets. No such adjustments have been made to these financial statements.

The consolidated financial information has not been audited or reviewed.

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

(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 2016. 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.

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.

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 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.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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.

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

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 INT FRS 27 and 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.

(v) 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.

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

(v) Foreign currencies (cont'd)

(b) Foreign operations (cont'd)

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 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.

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.

(vi) 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.

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

(vi) Basis of consolidation (cont'd)

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.

(vii) 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.

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

(viii) 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.

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.

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

(ix) 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.

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 the level of support from capital providers, vendors and suppliers
- 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 28 Feb 2017	Period ended 29 Feb 2016
Net loss (in USD thousands)		(18,190)	(143,691)
EBITDA (in USD thousands)		18,256	(107,991)
EBIT (in USD thousands)		(4,408)	(133,768)
Earnings per share			
– Basic and diluted (in USD cents)	A	(0.04)	(0.33)
Weighted average number of shares ('000)		439,673	438,432
Interest cover ratio (times)	B	1.42	-11.41
Return on equity	C	nm	-31.1%

	Notes	As at 28 Feb 2017	As at 31 Aug 2016
Net interest bearing debt (in USD thousands)	D	532,858	560,553
Net tangible assets attributable to the Parent (in USD thousands)		26,925	389,002
Debt equity ratio (times)	E	19.79	1.44
Current ratio (times)	F	0.22	1.06
Net asset value per ordinary share (in USD)	G	0.06	0.89

Notes:

A. Net loss / Weighted average number of shares
B. EBITDA / Net interest expenses
C. Annualised net loss / 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

With reference to Note 5 (iv), the Group has presented all its bank term loans as current liabilities at the end of the reporting period as it had breached certain financial covenants as at 31 August 2016.

Responsibility Statement

We confirm that, on the assumption of going concern as basis of preparation as discussed in this report, to the best of our knowledge, the condensed set of financial information as set out in Pages 7 to 34 for the period from 1 September 2016 to 28 February 2017, 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
13 December 2017

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