EMAS

EMAS Offshore Limited

KEEPING FOCUS STAYING RESILIENT

EMAS OFFSHORE LIMITED / ANNUAL REPORT 2015

KEEPING FOCUS

STAYING RESILIENT

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KEEPING FOCUS STAYING RESILIENT

Despite the uncertainty in the oil and gas market, we are keeping focus on our capabilities and operations, while expanding our global footprint to stay resilient.

CONTENTS

CORPORATE PROFILE

EMAS Offshore Limited ("EMAS" or "EOL" or "EMAS Offshore" or the "Company") is an established offshore services provider focused on the development and production stages of the oilfield lifecycle. Headquartered in Singapore, EMAS Offshore holds a leading market position in the Asia Pacific region, with global operations across Latin America, Africa and Australia.

Business activities are carried out by two core business segments namely: (i) the Offshore Support and Accommodation Services division, and (ii) the Offshore Production Services division.

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

HEADQUARTERED IN SINGAPORE, EMAS OFFSHORE HOLDS A LEADING MARKET POSITION IN THE ASIA PACIFIC REGION, WITH GLOBAL OPERATIONS ACROSS LATIN AMERICA, AFRICA AND AUSTRALIA.

MISSION, VISION AND CORE VALUES

VISION

TO BE THE TRUSTED PARTNER AND LEADER IN THE OFFSHORE OIL AND GAS INDUSTRY, WHEREVER WE OPERATE

MISSION

TOGETHER, WE ARE COMMITTED TO DELIVER SAFE, EFFECTIVE AND BEST VALUE SOLUTIONS TO OUR CLIENTS.

CORE VALUES

Integrity

- Every EMAS employee will act with the highest level of business ethics and integrity, in compliance with local and international rules and regulations

Social Responsibility And Mutual Respect

- We embrace social responsibility and value relationships with stakeholders and communities, wherever we operate
- Our people all around the world work with different attitudes and cultures, understanding them is important

Quality And Operational Excellence

- We are always determined to meet our delivery and execution targets without compromising on quality and workmanship standards. At EMAS, we strive for excellence and pursue continuous improvement
- Building a quality culture and recognising the ultimate cost of poor quality is key

Health, Safety And Environment ("HSE")

- At EMAS, safety is the way of our life. Our commitment to HSE is at the heart of all our business activities
- Respect for our environment and future generations
- Safety of our employees

Teamwork

- We value teamwork and are dedicated to delivering successful results together with our Clients, Vendors, Colleagues and Stakeholders
- Deliver solutions for our clients
- Deliver profit to our shareholders

"We are encouraged by the contract momentum in West Africa and Asia. With over US$85 million of new contracts awarded in FY2015, we continue to extend our track record and establish our position as the offshore services provider of choice in Asia and beyond"

CHAIRMAN'S MESSAGE

Dear Shareholders,

EMAS Offshore has gone through a challenging year, amidst the oil and gas sectors experiencing much uncertainty and volatility in oil prices. I would like to thank you for your support, even as we continue to take steps to cut costs and enhance operational effectiveness.

Our new Chief Executive Officer, Capt. Adarash Kumar A/L Chranji Lal Amarnath ("Capt. Kumar") is a veteran in the offshore oil and gas industry. He will be able to bring strategic insights to drive EMAS Offshore's performance, maintain our leading position in Asia, and penetrate West Africa, which we have identified as a key market for us to grow in.

I would also like to extend my appreciation to Mr. Jon Dunstan, who has been with us since 2011. Jon has been instrumental in overseeing the transformation of EOC Limited into EMAS Offshore Limited, creating one of Asia's largest offshore support service providers, and culminated in a dual-listing in the Singapore and Oslo stock exchanges in October 2014.

Despite facing headwinds in the sector, EMAS Offshore did fairly well in for the full year ended 31 August 2015 ("FY2015"). We saw an increase in net profit to US$199.5 million for FY2015, boosted by a US$154.7 million negative goodwill arising from the completion of the business combination of EOC Limited and EMAS Marine on 3 October 2014.

Offshore Support and Accommodation Services Division

In the Offshore Support and Accommodation Services division, offshore support vessel achieved an utilisation rate of 75% for FY2015. The Company continues to see strong demand for larger specifications vessels in the Anchor Handling Tug Supply ("AHTS") segment, with a utilisation rate of over 90% for FY2015.

We are also encouraged by the contract momentum in West Africa and Asia. With over US$85 million of new contracts awarded in FY2015, we continue to extend our track record and establish our position as the offshore services provider of choice in Asia and beyond.

Offshore Production Services Division

Our Offshore Production Services division continue to perform well for FY2015 with an operational uptime of more than 95%. Furthermore, our Floating Production Storage Offloading ("FPSO") vessels, *Lewek EMAS* and *Perisai Kamelia* continue to perform extremely well with zero recordable Loss Time Incident (LTI) during operations. We have secured several engineering service and construction supervision contracts including services in relation to the Petrobras Libra oil field exploration project in the Santos Basin, Brazil and STX Gaza replacement of vessel in the oil field in North West of Tripoli. Both contracts utilise EMAS Offshore's experience in turret work gained during FPSO conversion projects.

Going into 2016, we will continue to pursue opportunities in maintaining an asset light strategy and focus our capabilities on our offshore support vessels segment. We are also closely monitoring the business environment and have taken further steps to mitigate the slow-down in offshore activities, with an increased focus on vessel utilisation and initiatives to streamline operations and reduce costs.

Mr. Lee Kian Soo
Chairman
EMAS Offshore Limited

WE WILL CONTINUE TO PURSUE OPPORTUNITIES IN MAINTAINING AN ASSET LIGHT STRATEGY AND FOCUS OUR CAPABILITIES ON OUR OFFSHORE SUPPORT VESSELS SEGMENT.

BOARD OF DIRECTORS


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1. MR. LEE KIAN SOO

Executive Chairman

Mr. Lee, 70, is one of the founders of the Ezra Group ("Ezra Holdings Limited") and is instrumental in bringing it to where it is today. With more than 40 years' experience in the shipping and offshore support services industry, and as an Advisor to the Group, Mr. Lee provides his wealth of experience and expertise to assist in building the business. He has been responsible for strategic planning, business development and marketing of the Ezra Group since its inception in 1992. Mr. Lee is currently Non-Executive Chairman of Ezion Holdings Limited. Prior to the founding of Ezra Group, he worked in various shipyards. Mr. Lee holds a Second Mate Certificate of Competency.

2. CAPT. ADARASH KUMAR A/L CHRANJI LAL AMARNATH

CEO and Executive Director

Capt. Kumar is our CEO and Executive Director. He was appointed to the Board as Non-Independent, Non-Executive Director on 26 Aug 2014, and re-designated as an Executive Director on 1 May 2015. He was appointed CEO on 25 Sep 2015. Capt. Kumar has over 35 years of experience in the marine industry. Capt. Kumar started his career with Malaysian International Shipping Corporation in 1979 where he held various positions on board vessels during his tenor with the company till 1992. He was an assistant general manager with Bumi Armada Navigation Sdn Bhd, an offshore support services provider based in Malaysia, from 1993 to 2002 where he was responsible for its operations. Capt. Kumar is a qualified Master Mariner and holds a Certificate of Competency as Master of a Foreign Going Ship issued by the Malaysian Marine Department.

3. MR. CUTHBERT (CHAS) I.J. CHARLES

Independent Non-Executive Director

Mr. Charles has over 30 years of experience in the oil and gas (upstream) industry with experience in the United Kingdom, United States, Singapore and India. He joined Halliburton in 1975, where he worked at and retired in 2008. From 2001 to 2005, Mr. Charles was Regional Vice President for Halliburton in Asia Pacific; from 2005 to 2008, he was Vice President for Halliburton in India, before his retirement in 2008. Mr. Charles is a Chartered Mechanical Engineer (London) and a Fellow of Institute of Mechanical Engineers United Kingdom.

4. MR. DALE BRUCE ALBERDA

Independent Non-Executive Director

Mr. Alberda brings with him a wealth of experience in the Finance and Maritime sectors, having spent more than 30 years in various roles within these industries. He graduated in 1973 from Montana State University, Billings, with a Bachelor of Science degree in Business Administration, commencing his career as a Staff Accountant at Marine Colloids, Inc. (now a division of FMC Corporation) where he became Corporate Controller in 1976. Mr. Alberda continued his financial management career with more than 11 years with a Seattle based shipbuilder and manufacturer (Marine Construction & Design Co) including 5 years as CFO and Treasurer, before transitioning to the marine banking industry as Vice President with Christiania Bank (now part of Nordea), Key Bank, and Bank of America. More recently his experience includes 11 years with Caterpillar Financial Services Corporation where as Sales Manager in its Marine Division he was first responsible for business development in the Asia Pacific region, and subsequently in the Europe, Africa and Middle East region.

5. DR. WANG KAI YUEN

Independent Non-Executive Director

Dr. Wang started his career as an engineer with Radio & Television, Singapore in 1972, before commencing on PhD studies at Stanford University. In 1978, Dr. Wang joined SRI International, Menlo Park, as Senior Transportation Analyst. From 1982 to 1989, he was Deputy Director of the Institute of Systems Science where he led the research division. Dr. Wang joined Xerox Singapore Software Centre in 1989 and his last role at Xerox Singapore Software Centre was Managing Director, before retiring in December 2009. Dr. Wang is an Independent Director of Cosco Corporation (Singapore) Limited; Matex International Limited; China Aviation Oil (Singapore) Corporation Ltd; Ezion Holdings Ltd; HLH Group Limited; ComfortDelgro Corporation Limited; and A-Sonic Aerospace Limited, all of which are companies listed on the Main Board of the SGX-ST. He holds a Bachelor of Engineering (Electrical Engineering) (Honours) from the University of Singapore; a Master of Science (Industrial Engineering); a Master of Science (Electrical Engineering); and a PhD (Engineering) from Stanford University. Dr. Wang was formerly a Member of Parliament for Bukit Timah Single Member Constituency.

MANAGEMENT TEAM


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1. MR. JASON GOH HSENG WEI

Chief Financial Officer

Mr. Goh is responsible for overall financial operations and the Group's investor relations. Prior to joining EMAS Offshore, Mr. Goh was the General Manager for Corporate Finance at Ezra, responsible for executing and developing Ezra Group's capital management activities and funding strategy. Mr. Goh was also instrumental in supporting the group's global business expansion through the completion of various key acquisitions and corporate finance transactions. Before joining Ezra in October 2009, he was Associate Director of Investment Banking at CLSA Merchant Bankers Limited, where he advised and executed transactions including initial public offerings, placements and corporate advisory services throughout South East Asia. Before CLSA Merchant Bankers Limited, Mr. Goh was in legal practice with Stamford Law Corporation where his focus was on mergers and acquisitions, capital markets and corporate financial matters. Mr. Goh holds a Bachelor of Science Degree (with Double Honours) in Law (Second Upper) and Accounting (First Class) from the University of Southampton. He commenced his career as Management Associate at Citigroup's Global Corporate and Investment Bank division.

2. MR. DAVID MICHAEL WALLACE

Chief Operating Officer

Mr. Wallace is responsible for the Group's operations. Mr. Wallace has over 30 years of experience in the offshore oil and gas industry, prior to joining EMAS Offshore. He started his career in 1979 with Halliburton Geophysical Services where he was involved in two and three dimensional data processing and data acquisition in land, marine and transition environments. Between 1995 to 1999, Mr. Wallace joined Tidewater Inc as Country Manager for the Venezuelan office; from 2000 to 2002, he was Vice President of Global Marine Logistics at Asco LLC, where he was responsible for business expansion; in 2006, Mr. Wallace was with Eastern Marine Services, a joint venture of Trico Marine Group where he initiated the start-up and Trico Marine Group's expansion into South East Asia; and from 2011 to 2013, he was Vice President of International Operations in Hornback Offshore. Mr. Wallace holds a Master of Business Commerce from the University of Pretoria in South Africa, as well as a Bachelor of Science Degree from Auburn University in Alabama, the United States.

3. MR. RANJIT SINGH

Chief Commercial Officer

Mr. Singh is responsible for business development and client relationship management of the Offshore Support and Accommodation Services division. From 1980 to 2013, he was with Swire Pacific Offshore where he held various posts and was responsible for business development and marketing vessels to offshore clients, monitoring Swire Pacific Offshore fleet, business expansion in new markets, among his other roles. From 1978 to 1980, Mr. Singh was Operations Officer at Inchcape Shipping, venturing into agency support services for several shipping lines. He has more than 40 years of experience in the marine support operations industry, starting the first six years of his career as a naval communicator with the Republic of Singapore Navy. Mr. Singh owns a Certificate of Participation in Swire Management Programme and a Certificate of Participation in INSEAD-SIRE Advanced Management Programme from INSEAD Business School. He is also an Associate Member of the Singapore Instititute of Management.

4. MR. JOSEPH AZRAN-ALEMBERG

Chief Projects Officer

Mr. Azran-Alemberg is responsible for business development and managing client relationships for the Offshore Production Services division. Prior to being appointed in EMAS Offshore, he had been the General Director and Operations Manager of PVTrans Emas Co Ltd since 2010. Before PVTrans Emas Co Ltd, he was with Tanker Pacific from 2000 to 2010 where he occupied various positions – the last being the Corporate Controls & Services Manager of Tanker Pacific where he was responsible for handling all project services functions which include planning, estimation, cost control and project reporting. From 1995 to 2000, Mr. Azran-Alemberg was with Layam Ship Supplies Ltd as a Sales & Marketing Manager where he was responsible for sourcing for new suppliers locally and overseas, among his other responsibilities. He has over ten years of experience in the FPSO industry. Mr. Azran-Alemberg holds a Master's Degree in Business Management & General Administration from the University of Haifa, Israel and a Diploma in Business Marketing from the Israeli Centre for Management. He is also a Certified NICP Project Management Professional with the National University of Singapore and PMI Institute.

“Our new Chief Executive Officer Capt. Kumar is a veteran in the offshore oil and gas industry. He will be able to bring strategic insights to drive EMAS Offshore’s performance, maintain our leading position in Asia, and penetrate West Africa, which we have identified as a key market for us to grow in.”


EMAS
EMAS
RESCUE ZONE

DIRECTORS' AND MANAGEMENT REPORT

COMPANY OVERVIEW

On 3 October 2014, the Group successfully combined EOC Limited and OSS companies ("business combination") becoming a leading offshore service provider. Headquartered in Singapore, EMAS Offshore holds a leading market position in the Asia-Pacific region, with global operations across Latin America, Africa and Australia.

With a combined fleet of 51 vessels, the Group is an established offshore services provider focused on the development and production stages of the oilfield lifecycle.

Business activities are carried out by two core business segments, namely: (i) the Offshore Support and Accommodation Services division, and (ii) the Offshore Production Services division.

OSS companies refers to the majority business of the former offshore support services division of EZRA

DIRECTORS' AND MANAGEMENT REPORT

Offshore Support and Accommodation

The Group's Offshore Support and Accommodation Services ("Marine") division manages and operates a young, versatile fleet of advanced offshore support vessels, offering an extensive range of maritime services that cater to clients' needs throughout a field's life cycle.

Average utilisation of the offshore support fleet in FY2015 was 75%. In the larger AHTS market, there was sustained strength, with average utilisation maintained at more than 90%. On the other hand, utilisation in the AHT and platform supply vessel ("PSV") market segments continues to remain weak due to an oversupply in the market. In addition, the operating environment continues to be challenging, with rates facing downward pressure.

Charter coverage of the offshore support fleet continues to remain positive, with the average remaining contract duration (including options) for the division at approximately 1.5 years at the end of FY2015. On the whole, AHT and smaller PSV tend to be on shorter charters, while AHTS and OAVs continue to be deployed on long term charters.

The Company remains focused on business development opportunities in both South East Asia and West Africa. This is especially so in West Africa, where there is increased bidding activity in the region. Additional resources has since been deployed in West Africa to support this increased business activity.

The division secured a several contract wins of more than U$85 million in West Africa and Asia for FY2015:

- With the deployment of three AHTS vessels, two OAVs and one PSV to West Africa.
- Deployment of one AHTS and one PSV for support work in Malaysia and Thailand.

Offshore Production

The Group's Offshore Production Services ("Production") division specialises in the provision and operations of floating, production, storage and offloading vessels ("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 Production division provides engineering and project management services for the conversion of FPSOs and production facilities to third party clients.

During FY2015, the Production division has seen a sustainable and reliable operational performance for its FPSOs recording a combined uptime of over 95%. It has secured several engineering service and construction supervision contracts including services in relation to the Petrobras Libra oil field exploration project in the Santos Basin, Brazil and STX Gaza replacement of vessel in the oil field in North West of Tripoli. Both contracts utilise EMAS Offshore's experience in turret work gained during FPSO conversion projects.

DIRECTORS' AND MANAGEMENT REPORT

FINANCIAL HIGHLIGHTS

Revenue
Revenue for FY2015 amounted to US$247.2 million, a 13% decrease from the corresponding period. The decrease was mainly due to weakness in both the shallow water PSV and AHTs segment. This decrease is partially offset by contribution from the Production segment as a result of the reverse acquisition on 3 October 2014.

Gross profit
Gross profit for FY2015 amounted to US$29.4 million, as compared to gross profit of US$50.0 million in FY2014. The decrease was mainly due to the lower revenue as compared to the previous corresponding period. Routine repair and maintenance activities continued to be carried out during the financial year. Additional mobilization costs were also incurred as more offshore support vessels than expected were in transition and/or in preparation for new contracts.

Other operating income
Included in other operating income, net for FY2015 is the negative goodwill arising from acquisition of EOL of US$154.7 million, gain relating to the sale of vessels on sale and leaseback transactions amounting to US$32.8 million and exchange rate gains of US$5.5 million due to favorable US$ exchange rate movements against Malaysia Ringgit, Norwegian Krone and Singapore Dollars.

Administrative expense
Administrative expenses for FY2015 was US$27.6 million and is lower than FY2014, which only comprises of the OSS companies.

Lower administravtive expenses is in line with cost rationalisation initiatives.

Financial income
Financial income in FY2015 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 receivable.

Financial expense
Financial expense refers to interest incurred on bank loans. The increase in FY2015 relates to the increase in loan drawdowns due to the acquisition of vessels in late FY2014.

Share of results of associates
The share of results of associates is mainly derived from PV Keez Pte Ltd and Intan Offshore Sdn Bhd. The increase was mainly due to the share of contribution from PV Keez Pte Ltd after the Business Combination.

FY 2015 includes results of the OSS entities from 1 September 2014 to 31 August 2015 and that of pre-existing EOL entities from 3 October 2014 to 31 August 2015. FY 2014 & FY 2013 includes the result of the OSS entities from 1 September 2013 to 31 August 2014 and 1 September 2012 to 31 August 2013 respectively.

Share of results of joint ventures

The share of results of joint ventures is mainly derived from Emas Victoria (L) Bhd. The increase was mainly due to the share of contribution from Emas Victoria (L) Bhd after the Business Combination.

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 expense is higher in the current period due to higher profits derived from foreign subsidiaries.

Consolidated Statement of Financial Position

The discussion below refers to the financial position of the Group as at 31 August 2015 and 31 August 2014.

The Group's total assets amounted to US$1,490.5 million as at 31 August 2015 and US$966.1 million as at 31 August 2014. The increase is mainly due to the consolidation of the assets of the accounting acquiree, EOL, receivables from vessel sales of US$72.1 million, additions to property, plant and equipment amounting to US$49.5 million and share of results of associates and joint ventures of US$26.4 million. This increase is partially offset by net debtor settlement of US$62.6 million, mark-to-market adjustments for available for sale financial instruments of US$46.0 million and depreciation of property, plant and equipment amounting to US$45.8 million.

The Group's total liabilities amounted to US$956.0 million as at 31 August 2015 and US$651.5 million as at 31 August 2014. The increase is mainly due to the consolidation of the liabilities of the accounting acquiree, EOL, recognition of the US$125.0 million due to Ezra arising from the Business Combination and US$37.7 million relating to fees payable for vessels acquisitions. The above increase is partially offset by the net decrease in creditors' balances of US$104.7 million.

DIRECTORS' AND MANAGEMENT REPORT

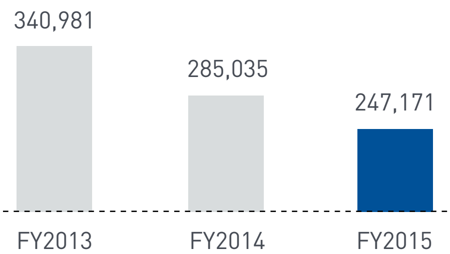
FINANCIAL HIGHLIGHTS

During the financial year ended 31 August 2015, the Group reported a net attributable profit of US$199.5 million, a significant increase from US$27.5 million for the previous corresponding year. After adjusting for US$154.7 million in negative goodwill arising from the completion of the business combination, the adjusted net profit was U$49.6 million, amidst the volatile environment in the oil and gas industry.

The Group's revenues decreased in FY2015 to US$247.2 million from US$285.0 million in FY2014 due to the general slow in the offshore services sector. Despite the slowdown the group managed to further penetrate the Africa and Asia market with contract wins describe below.

REVENUE

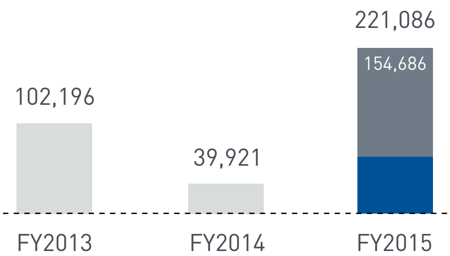
US$247.2M



(US$ '000)

EBIT

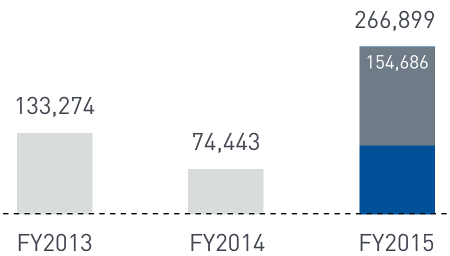
US$221.1M



(US$ '000)

EBITDA

US$266.9M

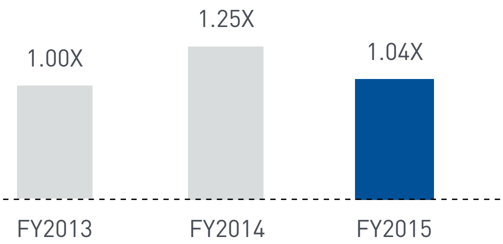


(US$ '000)

■ Negative goodwill arising from Business Combination

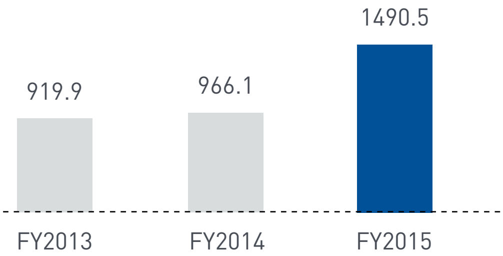
NET GEARING

1.04X



TOTAL ASSETS

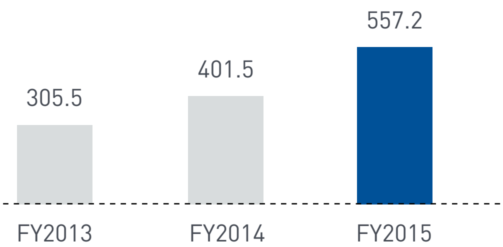
US$1490.5M



(US$ 'Million)

NET INTEREST BEARING DEBT

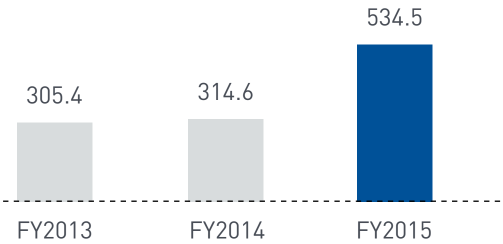
US$557.2M



(US$ 'Million)

TOTAL EQUITY

US$534.5M



(US$ 'Million)

DIRECTORS' AND MANAGEMENT REPORT

CORPORATE GOVERNANCE

EMAS Offshore is listed on Oslo Børs and its activities are primarily governed by the Norwegian Code of Practice for Corporate Governance of 30 October 2014. Being a company incorporated in Singapore, certain practices may deviate from certain recommendations of the Code due to different practices and principles observed by Singapore public listed companies. The Company will provide explanations of non-compliance if the regulations are not fully adhered to. Please refer to the Corporate Governance Report section for more details.

The Board of Directors agrees that the best interests of the Company and the Shareholders be regarded as a whole and is reflected through the company's operations and strategies. In addition to commercial considerations, decisions taken by EOL should be on the basis that the company is responsible for the general advancement of society as a whole, is obligated to maintain and where possible, preserve the environment for the benefit of the next generation, and is committed to the safety, well-being and development of its employees. This approach is encouraged in all employee dealings with existing clients, potential customers and suppliers, and which are in accordance with reasonable and fair market practices. EOL, as part of the EMAS group of companies, is committed to the highest standards of corporate social responsibility ("CSR"). The four CSR focus areas of EMAS are: corporate governance, caring for its employees, environment sustainability and socially beneficial causes. EMAS is actively involved in environmental awareness activities such as Earth Hour which the Group has participated in since 2011, and is also engaged in various community support efforts such as supporting ACE@Boon Lay in Singapore, a centre for underprivileged children. In addition, each staff is given an additional two days of leave to pursue community work that they are passionate about. The Board and the executive management are also committed towards preventing corruption in their dealings. All EMAS Offshore staff need to adhere to the Company's 'Ethics And Business Conduct Standards' which was implemented in 2012.

RISK

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

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 minimize 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.

GOING CONCERN

Based on the Group's financial position, its results, cash flows, banking facilities and relationships, existing cash and cash equivalents and working capital available, the Board is of the opinion that there are reasonable grounds to believe that the Group is expected to operate on a going concern basis.

DIRECTORS' AND MANAGEMENT REPORT

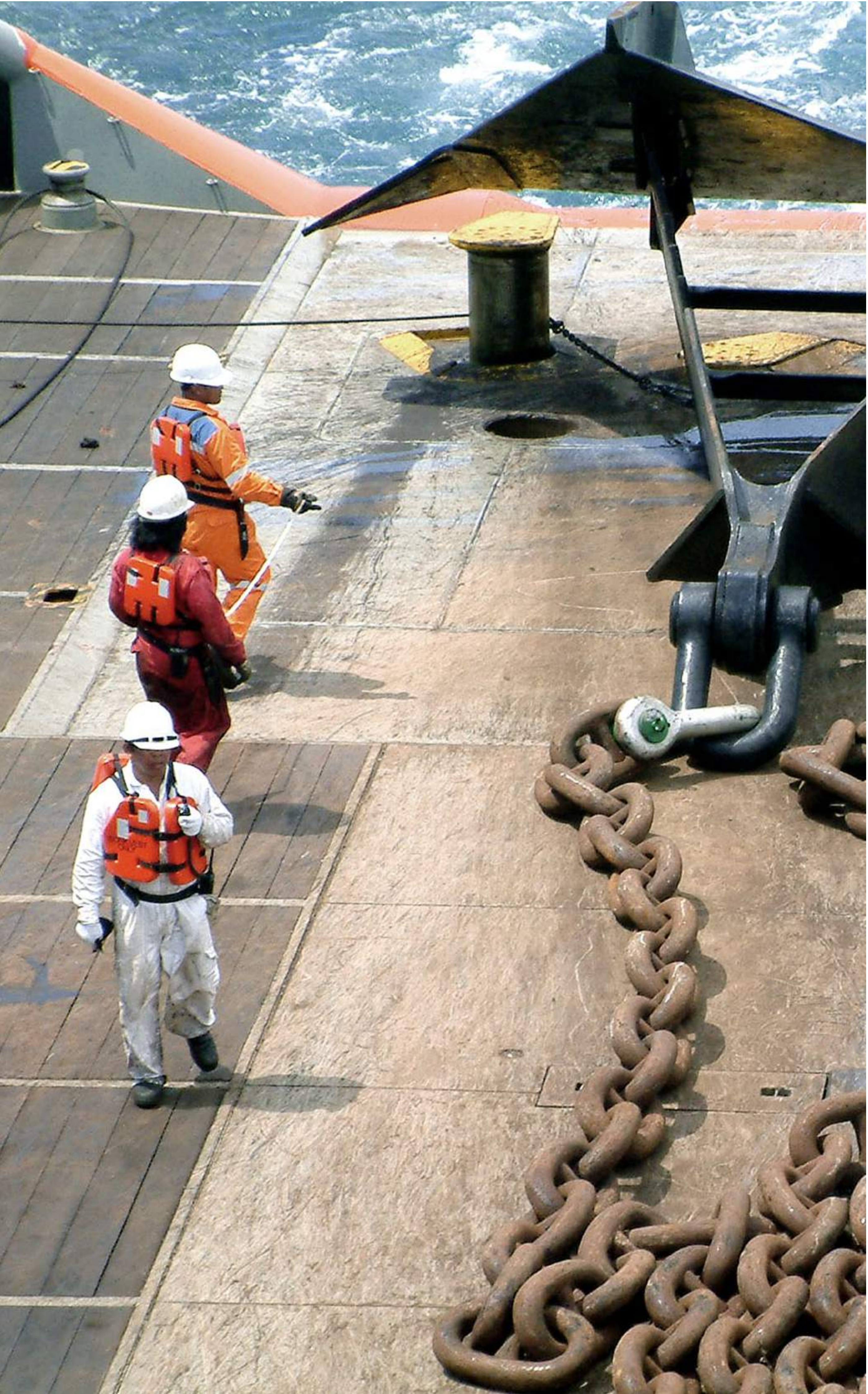
INDUSTRY LEADING HEALTH SAFETY ENVIROMENT PERFORMANCE

FY2015 was the highlight for the consolidation of both Marine and Production business functions under EMAS Offshore Limited. The merger reflects a stronger and more focused HSSEQ team on their commitment to streamline best practices and continue to increase awareness amongst employee and crew in upholding our core values in driving HSE as a core business activity in our daily operational activities. The first combined annual management review for EMAS Offshore Limited took place in April 2015 which concluded that both Quality and HSE Management System implemented to be effective.

Various HSE initiatives and campaigns were launched and promoted among the employees and crew in the company. This includes the brand new Vessel Induction Video, the HSSEQ Handbook and the ACTion Card (highlighting on Safety Observation and Hazard Intervention) and the ongoing monthly safety awareness campaign on EMAS 12 Safety Measures onboard EMAS vessels. Both our FPSOs, *Lewek EMAS* and *Perisai Kamelia* continue to perform extremely well with zero recordable Loss Time Injury (LTI) during operations. In addition, EMAS OSVs were awarded the Petronas June Peak Award and Shell Philippines Eight Goal Zero years for achieving no total recordable cases or significant environment release. Such client recognition is a testament to EMAS commitment in nurturing HSE culture within the organisation.

In December 2014, EMAS upgraded and reclassified four policies to charters. The charters are aligned with the Organisation's Vision, Mission and Values in providing an umbrella framework for setting up the Organisation's strategic directions. They are; Quality Charter, Health, Safety and Environment Charter, Security Charter and Ethics Charter. With the Executive Committee's ("EXCO") approval, the Group HSSEQ Committee was established in August 2015 with key responsibilities to:

- provide coordination and recommendations for all HSSEQ matters pertaining to the Group for the EXCO's consideration including Group wide HSSEQ performance, audits and other initiatives;
- review and maintain Group-level HSSEQ related documents where these are referenced by the Divisions, ensuring consistency where necessary and coordination amongst divisions. The HSSEQ Committee shall also recommend changes based on quality audit requirements and best practices, including additions and deletions to the existing set of documents for EXCO's consideration and approval;
- assign resources to follow up on recommendations for Group level initiatives and where resources are not available, to recommend to EXCO, secure external resources where approved and supervise the implementation of Group level initiatives. The Committee acts as a platform for the Divisions to standardise their documentation of similar processes across Divisions where necessary or it is deemed to have mutual benefit;
- as a platform for sharing of best practices among the Divisions.



DIRECTORS' AND MANAGEMENT REPORT

OUTLOOK

There has been significant and sustained volatility and weakness in the oil price environment that has caused global concerns on the prospects of both the oil and gas and oilfield services operators. This weakness is expected to continue with reduced activity in the exploration, development and production of oil and natural gas. This will place pressure on oil and gas services providers and this may continue for an extended period of time. As such, the Group is likely to experience lower charter rates and/or decreased vessel utilisation which will have an adverse impact on EOL's operating performance and may result in deterioration in the operating and/or financial performance in the following financial period(s).

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 implementing initiatives to improve operational efficiency and an increased focus on vessel utilisation. The Group intends to further implement cost savings initiatives to reduce vessel operating cost and general expenses by 10% to 20%.

Notwithstanding the above and near-term weakness in the sector, the underlying fundamentals of the oil and gas industry will continue to support offshore development and production activity. The Group will carry on developing opportunities for its offshore assets and accommodation and support services and barring any major long-term disruption in the oil and gas industry should be able to benefit from an eventual upturn.

STATEMENT

In the opinion of the directors and the executive management,

- The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 58 to 154 are drawn up in accordance with the provision of the Singapore Companies Act, Cap.50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2015, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended.

- The directors' and management report set out in the Annual Report include a true and fair review of information required under the Norwegian Securities Act Section 5- 5 second paragraph.

On Behalf Of The Directors,

Mr. Lee Kian Soo
Executive Chairman and Advisor

On Behalf Of The Executive Management,

Capt. Adarash Kumar A/L Chranji Lal Amarnath
CEO and Executive Director

“We will continue to pursue opportunities in maintaining an asset light strategy and focus our capabilities on our offshore support vessels segment. We are also closely monitoring the business environment and have taken further steps to mitigate the slow-down in offshore activities, with an increased focus on vessel utilisation and initiatives to streamline operations and reduce costs.”

CORPORATE MILESTONES

OCTOBER 2015

EMAS Offshore secured additional options for extension on an existing contract, as well as new awards for charters with an oil major and independent oil company in West Africa and Asia valued at more than US$33 million (including options). In West Africa, EMAS Offshore's PSV would be providing sea transportation services for an oil major. Over in Asia, EMAS Offshore's contract was with an independent oil company. The charter was for the provision of one AHTS and the scope of work included transportation of personnel, materials and supplies, and provision of storage for materials and supplies.

SEPTEMBER 2015

EMAS Offshore appointed new Chief Executive Officer, Capt. Adarash Kumar A/L Chranji Lal Amarnath, replacing Mr. Jon Dunstan in his role. Capt. Kumar has more than 25 years of experience in the marine industry and prior to his appointment as CEO, he was Ezra Holdings Limited's Group Chief Operating Officer.

AUGUST 2015

EMAS Production saw a sustainable and reliable operational performance for its assets, *Lewek EMAS* and *Perisai Kamelia* recording a combined uptime of over 95%. This is testament to its global track record and engineering capabilities. EMAS Production also saw a safe year without Lost Time Incident (LTI).

JUNE 2015

EMAS Offshore won the Petronas June Peak Award based on excellence in operations and maintenance metrics. This demonstrated EMAS Offshore's commitment to continuously improve on delivery quality services and operational safety excellence.

EMAS Offshore continued its win momentum with a contract win valued at more than US$30 million, including options. Under the job scope, four of EMAS Offshore's marine vessels, including an Accommodation Barge, PSV and AHTSes, would be chartered to EMAS AMC, to provide accommodation, anchor handling, towing, supplying and other support services. Additionally, it would allow EMAS Offshore to participate in a major Maintenance, Modifications and Operations (MMO) project. The contract duration for the contract was approximately 1.3 years (including options) and work would commence in the fourth quarter of FY2015.

JULY 2015

EMAS Offshore was awarded the OSV Safety Award for eight years of goal zero operations by Shell Philippines. This award captured the belief that EMAS Offshore can operate without fatalities or significant incidents despite the difficult conditions in which it may operate, a testament to its safety protocols.

EMAS Offshore secured three contract awards for charters with oil majors in West Africa and Thailand valued at more than US$24 million (including options). The average contract duration for the contracts was approximately 1.1 years and the charters were expected to commence in Q4 FY2015. EMAS Offshore's Anchor Handling Tug and Supply (AHTS) vessel would be providing sea transportation services that include towing, performing anchor handling and positioning of rigs and other floating structures for an oil major.

JANUARY 2015

EMAS Offshore secured several engineering service and construction supervision contracts with London Marine Contractors and EMAS AMC, for the Petrobras Pioneiro de Libra FPSO and STX Gaza FSO turret respectively. Both contracts utilise EMAS Offshore's experience in turret work gained during FPSO conversion projects. During the design phase, these scopes of work include process, instrumentation, controls and electrical engineering support. In the construction phase, they include construction management, QA/QC management, site engineering and pre-commissioning support.

CORPORATE STRUCTURE

- Lewek Chancellor Shipping Pte Ltd
  100%, Singapore
- Emas Offshore Construction & Production Pte Ltd
  100%, Singapore
- Lewek Eversure Shipping Pte Ltd [1]
  100%, Singapore
- Lewek Alphard Shipping Pte Ltd
  100%, Singapore
- Lewek Emerald Shipping Pte Ltd [1]
  100%, Singapore
- Lewek Castor Shipping Pte Ltd
  100%, Singapore
- Emas EOC Ventures Pte Ltd [1]
  50%, Singapore
- Emas Victoria (L) Bhd
  49%, Malaysia
- Victoria Production Services Sdn Bhd
  49%, Malaysia
- SJR Marine (L) Ltd
  49%, Malaysia
- Lewek Canopus Shipping Pte Ltd
  100%, Singapore
- Lewek Champion Shipping Pte Ltd
  100%, Singapore
- Lewek Conqueror (BVI) Ltd
  100%, British Virgin Islands
- Emas Offshore Production Services (Vietnam) Pte Ltd
  100%, Singapore
  - PV KEEZ Pte Ltd
    41.70%, Singapore
  - PVTrans Emas Co Ltd
    50%, Vietnam
- EMAS Holdings Pte Ltd
  100%, Singapore
  - Emas Offshore Services Pte Ltd
    100%, Singapore
  - Lewek Ebony Shipping Pte Ltd [1]
    100%, Singapore
  - Lewek Robin Shipping Pte Ltd [1]
    100%, Singapore
  - Lewek LB1 Shipping Pte Ltd
    100%, Singapore
  - Emas Offshore (Thailand) Ltd
    99.99%, Thailand
  - Emas Offshore (Labuan) Bhd
    100%, Labuan
  - Tunis Oil Pte. Ltd.
    100%, Singapore
    - Lewek Altair Shipping Private Limited
      100%, India

[1] In process of being struck off

EMAS OFFSHORE LIMITED

- Emas Offshore Services Nigeria Limited
  100%, Nigeria
- Lewek Shipping Pte Ltd
  100%, Singapore
- Lewek Ivory Shipping Pte Ltd [1]
  100%, Singapore
- Lewek Crusader Shipping Pte Ltd
  100%, Singapore
- Lewek Ruby Shipping Pte Ltd
  100%, Singapore
  - Emas Offshore Services (Aust) Pty Ltd
    100%, Australia
  - Emas Offshore Services (B) Sdn Bhd
    100%, Brunei
  - Emas Offshore Services (Philippines) Inc.
    40%, Philippines
- Lewek Aries Pte Ltd
  100%, Singapore
  - Aries Warrior AS
    100%, Norway
  - Aries Warrior DIS
    99%, Norway
    1%
- Emas Offshore (M) Sdn Bhd
  100%, Malaysia
  - Emas Offshore Services (M) Sdn Bhd
    100%, Malaysia
  - Bayu Emas Maritime Sdn Bhd
    100%, Malaysia
  - Genesis Offshore Sdn Bhd
    100%, Malaysia
  - Intan Offshore Sdn Bhd
    47.26%, Malaysia
    1.74%
  - Bayu Intan Offshore Sdn Bhd [1]
    100%, Malaysia
- Lewek Antares Shipping Pte Ltd
  100%, Singapore
- Emas Offshore Pte Ltd
  100%, Singapore
  - Sarah Pearl Shipping Pte Ltd
    100%, Singapore
  - Lewek Swift Shipping Pte Ltd
    100%, Singapore
  - Intan Offshore (Labuan) Sdn Bhd
    100%, Malaysia
  - Lewek Eagle Offshore Sdn Bhd
    100%, Malaysia
  - Jade Offshore Sdn Bhd
    100%, Malaysia
  - Lewek Mallard Offshore Sdn Bhd
    100%, Malaysia

CORPORATE DIRECTORY

DIRECTORS

Mr. Lee Kian Soo
Executive Chairman

Capt. Adarash Kumar A/L Chranji Lal Amarnath
CEO And Executive Director

Mr. Cuthbert (Chas) I.J. Charles
Independent Non-Executive Director

Dr. Wang Kai Yuen
Independent Non-Executive Director

Mr. Dale Bruce Alberda
Independent Non-Executive Director

COMPANY SECRETARY

Mr. Yeo Keng Nien

REGISTERED OFFICE

15 Hoe Chiang Road #28-01
Tower Fifteen Singapore 089316

Website: www.emasoffshore.com

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge
Mr. Shekaran K Krishnan (Appointed Since Financial Year Ended 31 August 2015)

SHARE REGISTRAR

DNB Bank ASA
Dronning Enfemias Gate 30
0191 Oslo
Norway

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

Chinatrust Commercial Bank Co. Ltd
8 Marina View, #33-01 Asia Square Tower 1
Singapore 018960

DBS Bank Ltd
12 Marina Boulevard
Level 46 DBS Asia Central At
Marine Bay Financial Centre Tower 3
Singapore 018982

DNB Asia Ltd
8 Shenton Way #48-02
Singapore 068811

Natixis, Singapore Branch
50 Raffles Place #41-01 Singapore Land Tower
Singapore 048623

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

RHB Bank Berhad
90 Cecil Street #01-00 RHB Bank Building
Singapore 069531

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

FINANCIAL CONTENTS

CORPORATE GOVERNANCE

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

EMAS Offshore is dual-listed on Oslo Børs and SGX-ST, with Oslo Børs as our primary exchange. As companies which are primary listed on the Oslo Børs are required to seek compliance with the corporate governance standards of Norway or their countries of incorporation, our Company has elected to seek compliance with the Norwegian standards, set out in the Norwegian Code of Practice for Corporate Governance (the "Code"). The Code is a nonbinding recommendation as published by the Norwegian Corporate Governance Board. Being a company incorporated in Singapore and dual listed on Oslo Børs and SGX-ST, certain practices may deviate from certain recommendations of the Code due to different practices and principles observed by Singapore public listed companies.

The Company will provide explanations of non-compliance if the recommendations are not fully adhered to.

The Board of Directors agrees that the best interests of the Company and the Shareholders be regarded as a whole and is reflected through the company's operations and strategies. In addition to commercial considerations, decisions taken by EMAS Offshore should be on the basis that the company is responsible for the general advancement of society as a whole, is obligated to maintain and where possible, preserve the environment for the benefit of the next generation, and is committed to the safety, well-being and development of its employees. This approach is encouraged in all employee dealings with existing clients, potential customers and suppliers, and which are in accordance with reasonable and fair market practices. EMAS Offshore, as part of the EMAS group of companies, is committed to the highest standards of CSR. The four CSR focus areas of EMAS are: corporate governance, caring for its employees, environment sustainability and socially beneficial causes. EMAS is actively involved in environmental awareness activities such as Earth Hour which the Group has participated in since 2011, and is also engaged in various community support efforts such as supporting ACE@Boon Lay in Singapore, a centre for underprivileged children. In addition, each staff is given an additional two days of leave to pursue community work that they are passionate about. The Board and the executive management are also committed towards preventing corruption in their dealings. All EMAS Offshore staff need to adhere to the Company's 'Ethics And Business Conduct Standards' which was implemented in 2012.

2. BUSINESS

The Company's business objectives, vision and strategies are described in this Annual Report. The Group's business is to own, operate and lease offshore support, accommodation, pipe laying and construction vessels, as well as floating production units and related services, targeted at the offshore oil and gas industry as defined in clause 3 of the Company's Memorandum of Association ("MOA").

The Company's other business objectives which the Company does not currently perform are also defined in clause 3 of the Company's MOA. The Company has decided to continue to maintain these activities within its objectives as it will allow the Company to have the required flexibility to capitalise on opportunities associated with the Group's business.

3. EQUITY AND DIVIDENDS

The Company has an equity capital at a level appropriate to its objectives, strategy and risk profile. According to Article 121 of the Company's Articles of Association, the Company may declare annual dividends with the approval of our Shareholders in a general meeting, but the amount of such dividends shall not exceed the amount recommended by our Directors. Our Directors may also, in accordance with Singapore law and Singapore practices, declare an interim dividend without seeking Shareholders' approval. As such, any distribution of interim dividend is not subject to the prior approval of the shareholders and no justification is thus required in this regard. The Company is consequently not fully compliant with the Code which recommends that any mandate to the Board to distribute interim dividends should be justified.

CORPORATE GOVERNANCE

In considering the form, frequency and amount of future dividends, if any, our Directors will take into account various factors, including but not limited to:

- The level of our cash and retained earnings;
- Our expected financial performance; and
- The projected levels of capital expenditure and other investment plans.

Investors should note that the intention to recommend the aforesaid dividends should not be treated as a legal obligation of the Company. In determining any future dividend distribution, consideration will be given to maximise Shareholders' value. At every Annual General Meeting, the Company will seek the following mandate from Shareholders:

(i) To issue new shares at any time, and upon such terms and conditions, and for such purposes, and to such person, as the Directors may in their absolute description deem fit; provided that:

  (a) The aggregate number of shares to be issued to new Shareholders does not exceed 20% of the issued share capital of the Company; and

  (b) The aggregate number of shares to be issued on pro-rata basis to existing Shareholders does not exceed 50% of the issued share capital of the Company.

(ii) To purchase ordinary shares of the Company not exceeding in aggregate 10% of the issued and paid-up capital of the Company, at such price as may be determined by the Directors of the Company from time to time, up to a maximum price in accordance with the Singapore Companies Act.

These mandates, if approved by Shareholders, will be enforced until the conclusion of the next Annual General Meeting. The next Annual General Meeting is required by the Singapore Companies Act, Chapter 50, to be held once in every calendar year and not more than 15 months from the preceding Annual General Meeting. Singapore law does not require a Singapore company to have specific purpose limited authorisations to increase the share capital. The Company has chosen to comply with normal practice in Singapore and accordingly deviates from the part of the Code section 3 stating that mandates granted to the board to issue shares should be restricted to defined purposes. The board will however on a case by case basis evaluate whether specific authorisation should be obtained where the circumstances surrounding the share capital increase would require extra attention from the shareholders.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

EOL has only one class of shares. All the shares have equal voting rights. The Articles of Association place no restriction on voting rights.

Singapore law does not provide pre-emptive rights for shareholders in connection with issuance of new shares. Accordingly no foundation for deviation from pre-emptive rights is required under the legal system which is applicable to the Company. To the extent that pre-emptive rights have not been given to the shareholder, no explanation has been given to this effect. The Company is accordingly not in full compliance with the Code section 4. The Company is however subject to the general principle of equal treatment of shareholders under the Norwegian Securities Trading Act section 5-14 and accordingly shall not treat its shareholders in a differential manner which cannot be justified in the common interest of the company and the shareholders. Under Singapore law, any issuance of shares requires the prior approval of the general meeting.

When carrying out transactions in the Company's own shares, the Board will consider the equal treatment obligation under the Norwegian Securities Trading Act section 5-14 and also the recommendation in section 4 of the Code which states that transactions should be carried out through the stock exchange or at prevailing stock exchange.

CORPORATE GOVERNANCE

In the event of material transactions between the Company and a director, officer, shareholder or any related party to such person, the Board will, in accordance with section 4 of the Code, consider to obtain a third party independent valuation of the transaction. Such transactions shall be disclosed in accordance with the continuing obligations applicable to the Company as a listed issuer and be duly recorded in the notes to the financial statements.

The Company has during the last financial year entered into certain contracts with other companies controlled by the majority shareholder of the Company. These contracts have been disclosed to the market as related party contracts in accordance with the Oslo Børs continuing obligations. As these contracts were backed by the Company's end clients and won through a competitive process, the Board resolved not to obtain third party independent valuation in these cases. Accordingly the Company is not fully compliant with the Code in relation to these transactions.

The directors, officers and leading personnel of the Company are instructed to notify the Board should there be any form of material direct or indirect dealings in the contracts that the Company is entering into, and directors are further required to declare any shareholding, directorship, executive position and interests, in other companies.

5. FREELY NEGOTIABLE SHARES

The Company's shares are freely negotiable. The Articles of Association place no restriction on negotiability.

6. GENERAL MEETINGS

At all times, the Board will disseminate the notice of a general meeting to all Shareholders, registered in the VPS (the Norwegian Central Securities Depository, "Verdipapirsentralen") and the Central Depository of Singapore Exchange Securities Trading Limited, at least 14 days' notice in writing prior to the actual meeting in accordance with Article 51 of the Company's Articles of Association. If a special resolution is to be passed at the meeting, then at least 21 days' notice in writing is required. The Company is accordingly not in full compliance with the Code which recommends that the notice of the general meeting is made available no later than 21 days prior to the date of the general meeting. The notice is accompanied by explanatory statements in respect of the suggested resolutions. Forms for the appointment of a proxy and the relevant information on the procedure for representation will also be provided. To participate, a Shareholder is normally requested to notify DNB Bank ASA or Boardroom Corporate & Advisory Services Pte Ltd not less than 48 hours prior to the meeting. Shareholders may participate in person or through a proxy.

The Board and the chairperson of the meeting arrange for the general meeting to vote separately on each candidate nominated for election to the Company's Board.

If the Annual General Meeting is to be held in Singapore or another predetermined country, the facilitation for teleconference or other electronic medium can be arranged upon request. The Board is present at the Company's general meetings. The Auditor will be present when the annual accounts are resolved.

The Chairman of the Board will preside over the general meeting in accordance with normal practice in Singapore. There is a preference by most shareholders for the Chairman to take charge of the meeting as the individual is deemed to be most well informed of the Company's activities. In an event where an independent Chairman is preferred by the majority of shareholders, the Company will seek to re-evaluate its practice.

7. NOMINATING COMMITTEE

The Code recommends that the Company establishes an independent Nominating Committee which deviates from normal practice in Singapore. In accordance with Singapore practices, the Company established a Nominating Committee ("NC") as a sub-committee of the Board, comprising board members who are independent of the main Shareholders of the Company. As such, the Board is of the view that the composition of the NC serves the interest of our Shareholders in general. The

CORPORATE GOVERNANCE

establishment of a NC is furthermore not reflected in the Company's Articles of Association as it is governed by the terms of reference of NC. Nevertheless, the Company will make constant evaluations to the requirement of an independent NC.

The NC will execute the following:

(a) Make recommendations to the Board on all board appointments, including re-nominations, taking into consideration the director's contribution and performance;
(b) Conduct regular evaluations on the structure, size, and composition of the Board, and make necessary adjustments if required;
(c) Identify and nominate candidates to fill Board vacancies when required and carefully map out succession plans, particularly, with regards to the Chairman and Chief Executive Officer.
(d) To conduct annual reviews of directors' independence. If a director is found to have business dealings or relationships that could potentially interfere with his independent decision-making or judgment, when the business relationships are in fact considered independent, the NC should make full disclosure of the nature of the director's relationship and assume responsibility for the concurrence of his independence;
(e) Make recommendations to the Board to determine the continuance of the services of a director who has reached the age of 70;
(f) Ensure adherence to guidelines set to promote voluntary rotation by directors who are retiring. Directors are also encouraged to submit themselves for re-election at least once every three years;
(g) Determine if a director's performance is aligned with the Company's policies and strategies and if the director has acted duly if he has multiple board representations;
(h) Establish procedures to determine the Board's performance and propose a system to make evaluations and comparisons for the Board's accomplishment against industry standards; and
(i) Coordinate all communications with the Board to produce the required report meant for the shareholders.

These guidelines have been adopted by the Company's general meeting. In addition to the above, the NC will in its work to propose candidates engage in discussions with the Board, the CEO and shareholders. The NC will also provide for shareholders to propose candidates to the NC.

The remuneration of the Board members is also determined by a separate committee, the Remuneration Committee ("RC"). The RC is also a sub-committee of the Board, comprising Board members who are independent of the main Shareholders of the Company. Its functions are further described in Section 11 and 12.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Under Singapore law, there is no legal requirement for public companies to establish a corporate assembly, and accordingly no such assembly has been established for EOL.

The Board of directors consists of five individuals, three of whom are independent of the executive management duties of the Company and its main business associates. Three members are independent of the main Shareholders. As of the date of this annual report, the Board comprises of:

Mr. Lee Kian Soo	(Executive Chairman)
Capt. Adarash Kumar A/L Chranji Lal Amarnath	(CEO and Executive Director)
Mr. Cuthbert (Chas) I.J Charles	(Independent Non-Executive Director)
Dr. Wang Kai Yuen	(Independent Non-Executive Director)
Mr. Dale Bruce Alberda	(Independent Non-Executive Director)

Mr. Lee Kian Soo is a director of Ezra, the controlling shareholder of the Company and a material business contact. The Board will in its dealing with Ezra make relevant measure to ensure an independent consideration by the Board in accordance with the recommendation of the Code section 4.

CORPORATE GOVERNANCE

Mr. Lee Kian Soo and Capt. Adarash Kumar A/L Chranji Lal Amarnath are executive directors and accordingly deemed part of the Company's executive management. The appointments of Mr. Lee and Capt. Kumar have been made in order to tap on their expertise and experience in the offshore support services industry. This represents a deviation from the Code which recommends that no members of management should be represented on the Board.

For the financial year ended 31 August 2015, a total of four Board meetings were held.

Please refer to the table below for the attendance of the Board:

Name of Director	Attendance In-Person	Teleconference
Mr. Lee Kian Soo	4	0
Mr. Lee Chye Tek Lionel#	3	0
Capt. Adarash Kumar A/L Chranji Lal Amarnath	4	0
Mr. Cuthbert (Chas) I.J Charles	4	0
Dr. Wang Kai Yuen	4	0
Mr Dale Bruce Alberda	0	3

Mr. Lee Chye Tek Lionel resigned on 1 May 2015

Directors who are above the age of 70 are required under Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to seek re-appointment at each Annual General Meeting.

The members of the Board are elected at the general meeting by Shareholders. Article 91 of the Company's Articles of Association states that all Directors will be have to be re-elected at least once every three years (the standard term for directors on the board of public listed companies in Singapore). The Chairman is elected by the Board in accordance with article 104(A) of the Company's Articles of Association and the normal practice in Singapore. The Company is accordingly not in full compliance with the Code which recommends that the Chairman is elected by the general meeting. Taking into account the nature and scope of the Company's operations, the Company will ensure through internal policies that the Board will comprise of individuals from diverse backgrounds to provide efficient guidance and expertise to the Company.

Please refer to the Board of Directors section for the relevant background and proficiencies of each member of the Board.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board will work together to provide direction for the Group and is principally responsible for the achievement of long term value and yield for Shareholders. The Board adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. The management team of the Company will pursue the goals and execute the plans and strategy set out by the Board.

The following describes the roles of the Board:

(a) Provide entrepreneurial leadership and ensure management team's leadership is of the highest quality and integrity;
(b) Set, review, and approve corporate strategic aims, which involve financial objectives and directions of the Group, and ensure that the necessary financial, human, and relevant resources, are in place for the Group to meet its objectives;
(c) Establish goals for management, review and monitor the performance, and achievement of these goals;
(d) Establish a framework of prudent and effective controls which enables risk to be assessed and managed; and
(e) Set the Group's values and standards and ensure that the obligations to Shareholders and others are understood and met.

CORPORATE GOVERNANCE

Internal guidelines have also been put in place to ascertain issues which require Board approval. The types of material transactions that require such approval from the Board are as follow:

(a) Approve annual budgets;
(b) Approve major transaction proposals which include funding, merger, acquisition, incorporation of new subsidiaries and disposal transactions;
(c) Approve quarterly and annual results announcements and audited accounts;
(d) Approve material announcement;
(e) Convene meeting for shareholders; and
(f) Declaration of interim dividends and proposed final dividends.

Since 2007, three sub-committees have been assisting the Board with the execution of its duties. The three sub-committees are namely: Remuneration Committee ("RC"), Nominating Committee ("NC"), and Audit Committee ("AC"). These committees have their functions clearly defined by the Board and operating procedures are reviewed regularly. The role of the NC is described in Section 7.

The RC, NC and the AC consists of Mr. Cuthbert (Chas) I.J Charles, Dr. Wang Kai Yuen and Mr Dale Bruce Alberda. All the members of the RC and the AC are board members considered to be independent of the Company's Management and also meet the requirements of the Code as regards independence.

The RC reviews and recommends to the Board in consultation with the Chairman of the Board, a framework of remuneration and determines the specific remuneration packages and terms of employment for each of the Directors. The RC also recommends to the Board, the remuneration package and employment terms for the Management of the Company and other employees. These recommendations will then be approved by the Board.

The AC supervises the financial reporting process of the Company and also monitors the effectiveness of the Company's internal control and risk management systems. The AC has regular contact with the external auditor regarding the annual accounts, and also reviews and monitors the independence of the external auditor.

New Directors appointed to the Board will be briefed on their duties and responsibilities. They are also advised on the Group's business activities, its strategic direction, and regulatory environments in which the Group operates.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the Company has satisfactory internal control procedures to manage exposure to risks related to the conduct of the Company's business, to support the quality of its financial reporting and to ensure compliance with laws and regulations. Such procedures and systems shall contribute to securing investment from Shareholders' and funding from financial institutions for the expansion of the Group.

As part of the annual statutory audit on financial statements, the external auditors report to the AC, and the appropriate level of management on any material weaknesses in financial controls over the areas, which are significant to the audit.

The Internal Audit function is managed jointly by an in-house Internal Audit Team and an outsourced service provider RSM Risk Advisory Pte Ltd. They review the effectiveness of the key internal controls, including financial, operational, and compliance controls. Procedures are in place for internal auditors to report independently their findings and recommendations to the AC. The Head of Internal Audit primary reporting is to the AC Chairman on audit matters, and to the Chief Financial Officer ("CFO") on administrative matters. The AC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. An audit plan for the next financial year has been developed using a structured risk assessment framework.

CORPORATE GOVERNANCE

The Board has received assurances from the CEO and CFO that: (a) the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems is adequate in all material aspects.

The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and has in place whistle-blowing procedures and arrangements by which employees may report and raise any concerns on possible wrongdoings such as suspected fraud, corruption, dishonest practices or other similar matters in good faith and are protected from reprisal to the extent possible. All concerns raised through the whistleblowing email account (id@whistleblowingsg.com) are received by Internal Audit who will assess the actions required. All whistleblowing cases and their assessments are reported by Internal Audit to the AC Chairman and the Chairman of the Company. They will decide whether further action or review is required, and if so, whether this should be conducted by an internally appointed Board of Inquiry or external authority. All employees have a duty to cooperate with investigations initiated under this Policy. The whistle-blowing procedure is posted on the Company's intranet for staff's easy reference, and on an ongoing basis, the whistle-blowing procedure is covered during staff orientation as part of the Group's efforts to promote fraud control awareness.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The Company's general meeting determines the Board's remuneration on the basis of recommendations from the Company's RC. Remuneration should be reasonable and based on the Board's responsibilities, work, time invested, and the complexity of the business. The suggested remuneration to the Board in FY2016 will remain unchanged from the previous year.

None of the directors have taken specific assignments for the Company in addition to their board appointment.

Section 11 of the Code recommends that the remuneration of the Board is not linked to the performance of the Group. The Company has in place a share option scheme for the Board and the Management. The Company believes that remuneration that is linked to the Group's performance will provide an alignment of interests, which the Company believes are in the best interest of its shareholders.

12. REMUNERATION OF KEY MANAGEMENT

The main function of the RC is to determine the remuneration package and employment terms for the Management of the Company. The Code recommends that the principles for remuneration of executive personnel are presented to the shareholders. Under Singapore law, no such requirement exists. The Company has elected to adhere to standard practices for Singapore companies and accordingly deviates from the Code in this respect.

In setting the remuneration package, the RC takes into consideration the wage and employment conditions within the industry and comparable companies. The Group may engage external remuneration specialists to study and recommend a comprehensive reward system for the Key Management, based on suitable benchmarks and practices, to ensure external competitiveness and alignment with the Company's strategy and longer term plans.

CORPORATE GOVERNANCE

As part of its review, the RC ensures that performance-related elements of remuneration form part of the total remuneration package of the Key Management. The review is also designed to align the Key Management's interests with those of Shareholders, and link rewards to Shareholder value creation over time, together with corporate and individual performance. Please refer to the following table for the remuneration package of the Key Management personnel for the financial year ended 31 August 2015:

	Band			Breakdown of the remuneration				
	Above US$500,000	US$250,001 to US$500,000	Up to US$250,000	Salary & CPF %	Fee %	Bonus %	Other Benefits %	Total %
Name of Directors								
Lee Kian Soo	x			97.3%	0.0%	2.7%	0.0%	100.0%
Lee Chye Tek Lionel			x	0.0%	100.0%	0.0%	0.0%	100.0%
Cuthbert (Chas) I. J. Charles			x	0.0%	100.0%	0.0%	0.0%	100.0%
Adarash Kumar A/L Chranji Lal Amarnath			x	0.0%	100.0%	0.0%	0.0%	100.0%
Wang Kai Yuen			x	0.0%	100.0%	0.0%	0.0%	100.0%
Dale Bruce Alberda			x	0.0%	100.0%	0.0%	0.0%	100.0%
Name of Key Management Personnel								
Jonathan Michael Dunstan	x			67.1%	0.0%	0.0%	32.9%	100.0%
Goh Hseng Wei, Jason		x		81.0%	0.0%	6.6%	12.4%	100.0%
David Michael Wallace		x		69.0%	0.0%	0.0%	31.0%	100.0%
Ranjit Singh		x		74.1%	0.0%	6.0%	19.9%	100.0%
Joseph Azran-Alemberg		x		71.5%	0.0%	0.0%	28.5%	100.0%

13. INFORMATION AND COMMUNICATION

The Company places great emphasis on ensuring that Shareholders and the rest of the share market receive rapid, relevant and, as objective as possible, information about the Company. Simultaneous notification is an important principle in our strategy for information dissemination. Our goal is for Shareholders to have a good understanding of the Company's activities so that they are in the best possible position to evaluate the Company's underlying value. The information is primarily disseminated via the Company's quarterly and annual reports as well as various presentations for investors in general. Being accessible to analysts is one of the Company's priorities. All reports, press releases, presentations and investor relations contact personnel are available on our website: www.emasoffshore-cnp.com. All investor-related queries can also be directed to investor_relations@emasoffshore-cnp.com. The Company's financial calendar is available on the website of the Company and the Oslo Børs.

CORPORATE GOVERNANCE

14. TAKE-OVERS

The Company is more than 50% owed by one controlling shareholder, Ezra Holdings Limited. The Board has not prepared general guidelines for how it will act in the event of a take-over. If any such situation should arise, the Board will assess the situation on a case by case basis under due consideration of the recommendations of the Code and its other obligations towards its shareholders as a listed company.

The Company will comply with all applicable statutory regulations should take-over bids occur and work to amalgamate the best interests of the Company and its Shareholders.

The Board is responsible for ensuring that all the Company's shareholders are treated equally and that operations are not disrupted unnecessarily. The Board has responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Board will not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this.

15. AUDITORS

Ernst and Young LLP was appointed as the Company's external auditor for the financial year ended 31 August 2015.

The Board has delegated all matters in connection with the audit to the AC.

As part of the audit, the auditor is required to submit audit plans, highlighting key risk areas, and any new and potential changes in the accounting principles to be reviewed by the AC. Subsequently, recommendations are made to the Board for approval.

The AC has met with the Management and the external auditor once annually to review the external audit plans submitted. Also, as part of its statutory audit on financial statements, the auditor reports to the AC as well as the appropriate Management personnel, any material weaknesses in the internal controls over areas which are significant to the audit. Based on the discussion with the auditor and the Management, the Board is satisfied with the internal controls of the Group throughout the financial year. As at the date of this report, the internal controls are adequate to safeguard its assets and ensure integrity of its financial statements.

The AC has met with the external auditor without the presence of the Key Management.

It is the policy of the Group to seek non-audit related services from a firm other than the Group's auditor, except for instances whereby, the provision of services by the auditor is more cost-efficient, and timely, and also does not impair independence.

The AC has received annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the AC has reviewed the volume of non-audit services provided to the Group by the external auditor and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor.

The auditor's fees for FY2015 amounted to US$187,000. Consultancy fees which relate to accounting and tax-related issues for FY2015 amounted to US$86,000.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of EMAS Offshore Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 August 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statement of the Group and the statement of financial position and statements of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr. Lee Kian Soo	(Executive Chairman)
Capt. Adarash Kumar A/L Chranji Lal Amarnath	(Executive Director) (Appointed Chief Executive Officer on 25 September 2015)
Dr. Wang Kai Yuen	(Non-executive Director)
Mr. Cuthbert (Chas) I.J. Charles	(Non-executive Director)
Mr. Dale Bruce Alberda	(Non-executive Director)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
	At 1 September 2014	At 31 August 2015	At 21 September 2015	At 1 September 2014	At 31 August 2015	At 21 September 2015
The Company						
Ordinary shares						
Mr. Lee Kian Soo	–	–	–	50,711,064	330,844,316	–
Dr. Wang Kai Yuen	75,000	75,000	75,000	–	–	–
Capt. Adarash Kumar A/L Chranji Lal Amarnath	–	164,000	164,000	–	–	–
Ultimate holding company						
Ezra Holdings Limited						
Ordinary shares						
Mr. Lee Kian Soo	15,050,000	45,390,800	45,390,800	–	–	–
Capt. Adarash Kumar A/L Chranji Lal Amarnath	7,888,070	8,203,592	8,203,592	–	–	–
Mr. Dale Bruce Alberda	20,800	20,800	20,800	–	–	–
Related company						
Triyards Holdings Limited						
Ordinary shares						
Mr. Lee Kian Soo	1,505,000	1,505,000	1,505,000	–	–	–
Capt. Adarash Kumar A/L Chranji Lal Amarnath	788,807	788,807	788,807	–	–	–
Ultimate holding company						
Ezra Holdings Limited						
Conditional share awards						
Capt. Adarash Kumar A/L Chranji Lal Amarnath	238,509	–	–	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr. Lee Kian Soo is deemed to have an interest in all the related corporations of the Company from the start to the end of the financial year.

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, share options or debentures of the Company or of related corporations, either at the beginning or at the end of the financial year.

DIRECTORS' STATEMENT

5. SHARE OPTIONS

In 2007, the shareholders approved the EOC Employee Share Option Scheme ("EOC ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to directors and key employees of the Company.

The EOC ESOS will be administered by the EOC Remuneration Committee, or such other committee comprising directors duly authorised and appointed by the Board of Directors, which will decide the provisions and terms and condition of each grant.

There are no share option schemes for other corporations in the Group.

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company were granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

6. EMPLOYEE SHARE PLAN

The Company implemented the Employee Share Plan (the "Plan") with the approval of shareholders at the Extraordinary General Meeting held on 22 August 2014. The Plan shall continue to be in force up to a maximum of ten years from 22 August 2014. This Plan gives the flexibility to either allot and issue new shares or purchase and deliver existing treasury shares upon the vesting of awards.

Participants will receive fully paid shares free of charge, upon the Participant satisfying the criteria set out in the Plan. The vesting period for the shares granted is three years. The number of shares to be allocated to each participant will be determined at the end of the performance period based on the level of attainment of the performance targets and the prevailing market price of the Company's share at grant date.

The Remuneration Committee is responsible for administering the share option and employee share plan. At the date of this report, the members of the Remuneration Committee are as follows:

Mr. Cuthbert (Chas) I.J. Charles (Chairman)
Mr. Dale Bruce Alberda
Dr. Wang Kai Yuen

As at date of this report, no shares have been granted under the Plan for performance period ended 31 August 2015.

DIRECTORS' STATEMENT

7. AUDIT COMMITTEE

The Audit Committee ("AC") comprises three board members, all of whom are non-executive directors. The members of the AC at the date of this report are:

Dr. Wang Kai Yuen (Chairman)
Mr. Cuthbert (Chas) I.J. Charles
Mr. Dale Bruce Alberda

The Company has adopted the Norwegian Code of Practice for Corporate Governance in relation to the roles and responsibilities of the AC. The AC performed the following functions:

(a) reviewed the audit plans of the internal and external auditors of the Company and the co-operation given by the Company's management to the external and internal auditors;

(b) reviewed the internal auditor's evaluation of the adequacy of the Group's system of internal accounting controls;

(c) reviewed the annual financial statements and the independent auditor's report on the annual financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Board of Directors;

(d) met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(e) met with the external auditors to discuss the results of their examinations;

(f) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(g) reviewed the independence and objectivity of the external auditor;

(h) reviewed the nature and extent of non-audit services provided by the external auditor;

(i) recommended to the Board of Directors the external auditors to be nominated and reviewed the scope and results of the audit;

(j) reviewed actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate;

(k) reviewed interested person transactions; and

(l) reviewed the budget for the Group before its submission to the Board of Directors.

Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

DIRECTORS' STATEMENT

During the past financial year, the AC has held four (4) meetings. The AC reviewed and approved the quarterly financial announcements prior to recommending their release to the Board, as applicable. Interested person transactions of the Group during the financial year have also been reviewed by the AC. The AC has been given full access to and obtained the co-operation of the Company's management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has met with the internal and external auditors without the presence of the management. The AC has met with the internal auditors independently to discuss on the results of their examinations and their evaluation of the system of internal accounting controls. The AC also met with the external auditors to discuss the results of their examinations relevant for their financial statements attestation purposes.

The AC has reviewed the non-audit services rendered to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment.

Further details regarding the AC are disclosed in the Corporate Governance Report.

8. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Mr. Lee Kian Soo
Director

Dr. Wang Kai Yuen
Director

Singapore
12 November 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 August 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of EMAS Offshore Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 58 to 154, which comprise the statements of financial position of the Group and the Company as at 31 August 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 August 2015

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
12 November 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2015

(Amounts expressed in United States dollars)

	Note	Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
					(Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	4	755,887	569,922	–	–
Goodwill	5	–	311	–	–
Investments in subsidiaries	6	–	–	153,299	42,241
Investments in associates	7	110,384	29,255	–	–
Investments in joint ventures	8	181,622	–	148,364	180,856
Long term receivables	9	37,591	5,200	–	–
Total non-current assets		1,085,484	604,688	301,663	223,097
Current assets					
Inventories and work-in-progress	10	6,262	4,177	–	–
Trade receivables	11	33,155	57,655	–	–
Other receivables	11	276,942	243,460	344,072	65,051
Prepayments		17,292	19,244	1,465	1,055
Available-for-sale ("AFS") investment	12	9,989	–	9,989	63,082
Cash and cash equivalents	13	61,333	19,157	6,307	120
Total current assets		404,973	343,693	361,833	129,308
Assets held for sale	14	–	17,750	–	–
Total assets		1,490,457	966,131	663,496	352,405

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2015

(Amounts expressed in United States dollars)

	Note	Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank term loans	19	84,879	66,513	–	–
Trade payables	15	12,789	17,207	–	–
Other payables and accruals	15	141,832	201,205	152,780	183,339
Bills payable to banks	16	120,923	41,550	42,000	–
Deferred income	17	436	436	–	–
Lease obligations	18	1,188	15	–	–
Income tax payable		7,820	5,746	115	18
Total current liabilities		369,867	332,672	194,895	183,357
Net current assets/(liabilities)		35,106	28,771	166,938	(54,049)
Non-current liabilities					
Bank term loans	19	412,726	312,552	45,000	–
Other payables	15	156,970	–	125,000	37,800
Derivative financial instruments	34	404	–	–	–
Deferred income	17	5,822	6,258	–	–
Lease obligations	18	10,169	54	–	–
Deferred tax liabilities	20	11	12	–	–
Total non-current liabilities		586,102	318,876	170,000	37,800
NET ASSETS		534,488	314,583	298,601	131,248
EQUITY					
Share capital	21	235,939	13,248	357,211	94,578
Treasury shares	23	(718)	–	(718)	–
Accumulated profits/(losses)		351,753	302,209	(15,631)	25,838
Translation reserve	22	(5,233)	367	–	–
Hedging reserve	22	3	–	–	–
Fair value adjustment reserve	22	(46,015)	–	(42,261)	10,832
Capital reserve	22	(1,241)	(1,241)	–	–
Equity attributable to owners of the Company		534,488	314,583	298,601	131,248
Non-controlling interests		–	–	–	–
TOTAL EQUITY		534,488	314,583	298,601	131,248

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 August 2015

(Amounts expressed in United States dollars)

	Note	Group	
		2015 US$'000	2014 US$'000
Revenue	24	247,171	285,035
Cost of sales		(217,818)	(235,016)
Gross profit		29,353	50,019
Other income, net	25	192,950	14,185
Administrative expenses		(27,584)	(28,394)
Profit from operations		194,719	35,810
Financial income	28	2,651	229
Financial expenses	29	(16,220)	(9,449)
Share of results of associates		11,616	4,111
Share of results of joint ventures		14,751	–
Profit before tax	26	207,517	30,701
Tax	20	(7,973)	(3,210)
Profit after tax		199,544	27,491
Attributable to:			
Owners of the Company		199,544	27,491
Non-controlling interests		*	–
		199,544	27,491
Earnings per share (US cents per share)	30		
– basic		0.47	0.10
– diluted		0.47	0.10

* *Less than US$1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 August 2015

(Amounts expressed in United States dollars)

	Note	Group 2015 US$'000	Group 2014 US$'000
Profit after tax		199,544	27,491
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on cash flow hedges		3	–
Net fair value (loss)/gain on AFS investment	12	(46,015)	5,848
Exchange difference on translation of foreign operations		(5,677)	(9)
Share of other comprehensive income of a joint venture		77	–
Reclassification on disposal of AFS investments		–	(21,339)
Total comprehensive income for the financial year		147,932	11,991
Total comprehensive income attributable to:			
Owners of the Company		147,932	11,991
Non-controlling interests		*	–
Total comprehensive income for the financial year		147,932	11,991

* *Less than US$1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 August 2015

(Amounts expressed in United States dollars)

	Attributable to owners of the Company									
Group	Share capital (Note 21) US$'000	Treasury shares (Note 23) US$'000	Hedging reserve US$'000	Fair value adjustment reserve US$'000	Capital reserve US$'000	Translation reserve US$'000	Accumulated profits US$'000	Total equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 September 2013	13,248	–	–	15,491	(1,241)	376	274,718	302,592	–	302,592
Profit for the year	–	–	–	–	–	–	27,491	27,491	–	27,491
Other comprehensive income for the year	–	–	–	(15,491)	–	(9)	–	(15,500)	–	(15,500)
Total comprehensive income for the year	–	–	–	(15,491)	–	(9)	27,491	11,991	–	11,991
Balance at 31 August 2014	13,248	–	–	–	(1,241)	367	302,209	314,583	–	314,583
Profit for the year	–	–	–	–	–	–	199,544	199,544	*	199,544
Other comprehensive income for the year	–	–	3	(46,015)	–	(5,600)	–	(51,612)	–	(51,612)
Total comprehensive income for the year	–	–	3	(46,015)	–	(5,600)	199,544	147,932	–	147,932
Contributions by and distributions to owners										
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)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(233)	(233)
Total contributions by and distributions to owners	222,691	(718)	–	–	–	–	(150,000)	71,973	–	71,973
Total transactions with owners in their capacity as owners	222,691	(718)	–	–	–	–	(150,000)	71,973	–	71,973
Balance at 31 August 2015	235,939	(718)	3	(46,015)	(1,241)	(5,233)	351,753	534,488	–	534,488

* *Less than US$1,000*

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 August 2015

(Amounts expressed in United States dollars)

Company	Share capital (Note 21) US$'000	Treasury shares (Note 23) US$'000	Fair value adjustment reserve US$'000	Accumulated profits/(losses) US$'000	Total equity US$'000
Balance at 1 September 2013	94,578	–	7,637	4,748	106,963
Profit for the financial year	–	–	–	21,090	21,090
Other comprehensive income for the financial year	–	–	3,195	–	3,195
Balance at 31 August 2014	94,578	–	10,832	25,838	131,248
Profit for the financial year	–	–	–	(22,138)	(22,138)
Other comprehensive income for the financial year	–	–	(53,093)	–	(53,093)
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 Kroner 1.12 per share (Note 38)	–	–	–	(19,331)	(19,331)
	262,633	(718)	–	(19,331)	242,584
Balance at 31 August 2015	357,211	(718)	(42,261)	(15,631)	298,601

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2015

(Amounts expressed in United States dollars)

	Note	Group 2015 US$'000	Group 2014 US$'000
Cash flows from operating activities			
Profit before tax		207,517	30,701
Adjustments for:			
Depreciation expense		45,813	34,522
Impairment of property, plant and equipment		–	607
(Gain)/loss on disposal of property, plant and equipment		(33,954)	224
Remeasurement loss arising from step-acquisition of joint venture		6,030	–
Realised (gain)/loss on derivative instruments		(92)	143
Write-off of insurance claims		–	2,996
Share of results of associates		(11,616)	(4,111)
Share of results of joint ventures		(14,751)	–
Gain on disposal of AFS investment		–	(15,481)
Bad debts recovered		(343)	(662)
Unrealised exchange gain		(5,810)	(1,523)
Interest expense		16,220	9,449
Interest income		(2,651)	(229)
Allowance for doubtful debts, net		4,607	2,854
Bargain purchase arising from the reverse acquisition		(154,686)	–
Bargain purchase arising from step-acquisition of joint venture		(1,290)	–
Impairment of goodwill		311	–
Operating cash flows before movements in working capital		55,305	59,490
(Increase)/decrease in:			
Inventories and work-in-progress		(2,085)	(707)
Trade receivables		22,835	10,442
Other debtors, deposits and prepayments		727	16,923
Due from holding company		3,572	(1,519)
Due from related parties		55,369	(33,438)
Due from associates		(3,938)	4,367
Due from joint ventures		(15,989)	–
(Decrease)/increase in:			
Trade payables		(10,462)	(5,271)
Other payables and accruals		(35,285)	(15,545)
Due to holding company		(107,450)	(69,242)
Due to associates		2,504	–
Due to related parties		45,963	25,166
Cash generated from/(used in) operations		11,066	(9,334)
Interest paid		(13,487)	(8,044)
Interest income received		723	229
Income taxes paid		(7,246)	(2,122)
Net cash flow used in operating activities		(8,944)	(19,271)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2015

(Amounts expressed in United States dollars)

	Note	Group	
		2015	2014
		US$'000	US$'000
Cash flows from investing activities			
Repayment of advances to associates		–	490
Acquisition of subsidiary, net of cash paid	6	15,862	–
Purchase of property, plant and equipment	A	(37,611)	(84,285)
Proceeds from disposal of assets held for sale		17,750	–
Proceeds from disposal of property, plant and equipment	B	4,240	5,857
Increase in cash pledged		(3,868)	(1,668)
Net cash flows used in investing activities		(3,627)	(79,606)
Cash flows from financing activities			
Payment of dividends by a subsidiary to non-controlling interests		(233)	–
Proceeds from bills payable		5,000	18,050
Repayment of bills payable		(38,894)	–
Purchase of treasury shares		(718)	–
Proceeds from bank loans		115,747	127,008
Repayment of bank loans		(102,348)	(47,938)
Proceeds from issuance of placement shares, net of transaction costs		44,157	–
Repayment of lease obligations		(1,282)	–
Receipt of derivative instrument, net		92	(143)
Net cash flows from financing activities		21,521	96,977
Net increase/(decrease) in cash and cash equivalents		8,950	(1,900)
Effects of exchange on cash and cash equivalents		(644)	128
Cash and cash equivalents at beginning of the financial year		15,729	17,501
Cash and cash equivalents at end of the financial year	13	24,035	15,729

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2015

Notes to the consolidated statement of cash flows

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2015	2014
	US$'000	US$'000
Aggregate cost of property, plant and equipment acquired	87,268	84,285
Option price payable (Note 15)	(37,720)	–
Purchase by way of lease obligation	(11,937)	–
Purchase of property, plant and equipment in cash	37,611	84,285

B. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT, NET OF CASH RECEIVED

The Group disposed certain property, plant and equipment on sale and leaseback arrangements during the financial year. The proceeds received were calculated as follows:

	2015	2014
	US$'000	US$'000
Carrying amount of the property, plant and equipment (Note 4)	40,889	6,707
Impairment of property, plant and equipment (Note 25)	–	(607)
Gain/(loss) on disposal of property, plant and equipment (Note 25)	33,954	(224)
Fair value of sales consideration	74,843	5,876
Amount due from a related party	(145)	–
Deferred consideration at amortised cost	(72,092)	(19)
Selling expenses payable	1,634	–
	4,240	5,857

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

1. CORPORATE INFORMATION

EMAS Offshore Limited (the "Company") is a limited liability company, incorporated and domiciled in Singapore and is listed on the Oslo Børs, Norway and the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 15 Hoe Chiang Road, #28-01, Tower Fifteen, Singapore 089316.

The principal activities of the Company are those of investment holding and provision of ship management services. The principal activities of the subsidiaries, associates and joint venture are as shown in Notes 6, 7 and 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The immediate and ultimate holding company is Ezra Holdings Limited which is incorporated in the Republic of Singapore.

The Group operates in Singapore, South East Asia, Australia, India, Africa and Americas.

With effect from 15 September 2014, the name of the Company was changed from EOC Limited to EMAS Offshore Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements have been prepared in accordance with 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 statements are presented in United States Dollars ("USD" or "US$" or "$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2.2 Changes in accounting policies

(a) Adoption of revised FRS and INT FRS

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except in the current financial year, the Group and the Company have adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 September 2014. The adoption of these standards and Interpretations did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

(b) *FRS and INT FRS not yet effective*

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 16 and FRS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sales and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016

Except for FRS 115 and FRS 109, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

(b) *FRS and INT FRS not yet effective (cont'd)*

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening accumulated profits when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 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 US$ 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.

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 completed on or after 1 September 2005 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. However, for acquisitions of foreign entities completed prior to 1 September 2005, goodwill and fair value adjustments arising on the acquisition of foreign entities are deemed to be assets and liabilities of the Company and continue to be recorded at the exchange rates at the respective dates of the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

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. The accounting policy for goodwill is set out in Note 2.10. 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:

(i) 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;

(ii) 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;

(iii) 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

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

<u>Joint ventures</u>

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Associates and joint ventures

An associates 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses unless stated otherwise below. The cost includes the cost of replacing part of the fixed assets and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.18. The cost of a fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

A property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated on a straight-line basis to write off the cost of fixed assets over their estimated useful lives. The estimated useful lives of fixed assets are as follows:

Renovations	–	5 years
Assets on board the vessels	–	3 - 20 years
Motor vehicles	–	5 years
Furniture, fittings and office equipment	–	3 years
Plant and machinery	–	10 years
Vessels	–	20 to 25 years
Dry-docking costs	–	5 years
Computers	–	3 years

Vessels and assets under construction are stated at cost. These costs include all progress billings received in accordance with the construction contracts, interest charges arising from borrowings used to finance the construction and other directly attributable costs. Vessels and assets under construction are not depreciated until such time they are completed and available for operational use.

Drydocking expenses, when incurred, will be deferred and amortised on a straight-line basis over the period to the next drydocking date.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less impairment losses. On disposal of a subsidiary, associates or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to dispose and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to dispose, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of non-financial assets (cont'd)

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The accounting policy for derivative financial instruments and hedging activities is included in Note 2.17.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) AFS 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.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is de-recognised where the contractual rights to receive cash flows from the asset have expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments (cont'd)

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and fixed deposits subject to an insignificant risk of changes in value.

2.15 Assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) are measured in accordance with the applicable FRS. Upon classification as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

Fixed assets and intangible assets once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Inventories and work-in-progress

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for any damaged and obsolete inventories.

Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Inventories held for trading: cost is determined on a specific identification basis.
- Consumables: purchase costs on a first-in first-out basis.

Inventories comprise mainly inventories held for the Marine Services division.

Work-in-progress comprises uncompleted engineering and equipment supply contracts. It is stated at cost less progress billings. Cost comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility of loss is ascertained.

2.17 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate derivative contracts are determined by reference to market values for similar instruments.

Hedge accounting

The Group designates certain derivatives as cash flow hedges when there is hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Derivative financial instruments and hedging activities (cont'd)

Hedge accounting (cont'd)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the derivative financial instruments that qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss in "Other income, net".

Amounts accumulated in the hedging reserve in the equity are transferred to profit or loss in the periods when the hedged items affect profit or loss, such as when the hedged financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in hedging reserve are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases

(a) *Finance lease – when the Group is a lessee*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased fixed assets. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalised leased assets are depreciated over the shorter of estimated useful life of the asset as outlined in Note 2.9 and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(b) *Operating lease – when the Group is a lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(c) *Operating lease – when the Group is a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating lease are included in fixed assets and are stated at cost less accumulated depreciation and impairment loss. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.24. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances arise. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are deducted against share capital.

2.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty:

(a) Vessel charter income is recognised on a time apportionment basis in accordance to the terms and conditions of the charter agreement. Charter income is deferred to the extent that conditions necessary for its realisation have yet to be fulfilled.

(b) Management fees, agency fees and fees in respect of ship management are recognised when services are rendered.

(c) Trading sales is recognised upon the passing of title to the customer which generally coincides with delivery and acceptance of the goods sold.

(d) Revenue from project management is recognised when service is rendered.

(e) Interest income is recognised using the effective interest method.

2.25 Employee benefits

(a) Pensions and other post employment benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(c) Employee share plan

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured with reference to the fair value of the awards at the date on which the awards were made. This cost is recognised in profit or loss over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

(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.

(i) 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 values 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. A 4% (2014: 4%) difference in the expected useful lives of the vessels from management's estimates would result in approximately 0.9% (2014: 5.0%) variance in profit for the financial year.

(ii) 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. As at 31 August 2015, the carrying amount of trade and other receivables of the Group amounted to US$33,155,000 and US$276,942,000 (2014: US$57,655,000 and US$243,460,000) respectively.

Included in the Group's trade receivables aged more than 365 days is a balance amounting to US$7,462,000 (2014: US$14,109,000). The Group has provided US$6,512,000 (2014: US$4,271,000) and expects that the debtors will be able to repay the remaining receivables.

(iii) Impairment of non-financial assets

An 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

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

(iv) 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. As at 31 August 2015, the carrying amount of the Group's current tax payable and deferred tax liabilities were US$7,820,000 (2014: US$5,746,000) and US$11,000 (2014: US$12,000) respectively.

(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:

(i) 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.

Lease payments for the 13 (2014: 10) vessels that are on sale and leaseback arrangements amounted to US$56,055,000 (2014: US$31,577,000).

(ii) 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. The Group is in negotiations on a potential transfer of the investments at cost to a related company and accordingly no impairment has been made by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

4. PROPERTY, PLANT AND EQUIPMENT

Group	Renovations US$'000	Assets on board the vessels US$'000	Motor vehicles US$'000	Furniture, fittings and office equipment US$'000	Plant and machinery US$'000	Vessels US$'000	Dry-docking costs US$'000	Vessels and equipment under construction US$'000	Computers US$'000	Total US$'000
Cost										
At 1 September 2013	82	6,077	251	75	3,521	578,698	33,632	–	125	622,461
Additions	–	144	299	–	–	71,414	12,422	–	6	84,285
Disposals	–	–	(97)	–	–	(10,250)	–	–	–	(10,347)
Written off	–	–	–	(5)	–	–	–	–	(3)	(8)
Transferred	–	(293)	–	–	–	–	(2,536)	–	–	(2,829)
Reclassification										
- Assets held for sale	–	–	–	–	–	(9,000)	(1,126)	–	–	(10,126)
Translation difference	3	–	9	1	–	(88)	–	–	2	(73)
At 31 August 2014 and 1 September 2014	85	5,928	462	71	3,521	630,774	42,392	–	130	683,363
Additions	113	2,272	–	1	–	67,107	10,690	7,084	1	87,268
Acquisition through business combination	4	–	–	–	–	143,000	–	41,797	–	184,801
Disposals	(11)	–	(60)	(19)	–	(42,080)	(1,119)	–	(41)	(43,330)
Reclassification										
- Fixed assets	–	–	–	–	–	36,980	–	(36,980)	–	–
Translation difference	(36)	–	(60)	(14)	–	(480)	–	–	(25)	(615)
At 31 August 2015	155	8,200	342	39	3,521	835,301	51,963	11,901	65	911,487

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Renovations US$'000	Assets on board the vessels US$'000	Motor vehicles US$'000	Furniture, fittings and office equipment US$'000	Plant and machinery US$'000	Vessels US$'000	Dry-docking costs US$'000	Vessels and equipment under construction US$'000	Computers US$'000	Total US$'000
Accumulated depreciation and impairment loss										
At 1 September 2013	53	1,885	216	59	939	74,534	10,776	–	108	88,570
Charge for the financial year	14	581	55	12	352	24,738	8,760	–	10	34,522
Disposals	–	–	(97)	–	–	(3,543)	–	–	–	(3,640)
Written off	–	–	–	(5)	–	–	–	–	(3)	(8)
Transferred	–	(293)	–	–	–	–	(2,536)	–	–	(2,829)
Reclassification										
- Assets held for sale	–	–	–	–	–	(2,619)	(507)	–	–	(3,126)
Translation difference	2	–	6	1	–	(59)	–	–	2	(48)
At 31 August 2014 and 1 September 2014	69	2,173	180	67	1,291	93,051	16,493	–	117	113,441
Charge for the financial year	27	580	53	3	352	35,117	9,673	–	8	45,813
Disposals	(11)	–	(60)	(19)	–	(1,593)	(717)	–	(41)	(2,441)
Translation difference	(19)	–	(37)	(13)	–	(1,121)	–	–	(23)	(1,213)
At 31 August 2015	66	2,753	136	38	1,643	125,454	25,449	–	61	155,600
Net carrying amount										
At 31 August 2015	89	5,447	206	1	1,878	709,847	26,514	11,901	4	755,887
At 31 August 2014	16	3,755	282	4	2,230	537,723	25,899	–	13	569,922

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) All the vessels except for the vessel under (c) below are pledged in connection with the bank loans facilities granted by financial institutions (Note 19).

(b) Included in vessels and equipment under construction were borrowing costs arising from borrowings used to finance their construction amounting to approximately US$363,000 (2014 : US$Nil). The capitalisation rates varies from 2.53% to 2.63% (2014: Nil%) representing the borrowing costs to finance the vessels under construction.

(c) During the financial year, the Group acquired a vessel under finance lease which will mature in 2017. The carrying amount of this vessel at the end of the reporting period was US$11,309,000 (2014: US$Nil). The vessel is pledged as security for the related finance lease liability. There is no option to renew the lease and there are no escalation clauses. The Group can exercise an option to acquire the vessel at the end of the first year of the lease, or mandatorily acquire the vessel at the end of the lease term.

5. GOODWILL

	Group
	US$'000
Cost	
At 1 September 2013, 31 August 2014 and 1 September 2014	311
Impaired during the financial year	(311)
At 31 August 2015	–

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	US$'000	US$'000
Unquoted ordinary shares, at cost	28,917	42,241
Less: Allowance for impairment loss	(618)	–
Loan to a subsidiary	125,000	–
	153,299	42,241

The loan to a subsidiary forms part of the Company's net investment in the subsidiary. The loan is unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Analysis of allowance for impairment loss is as follows:

	Company	
	2015 US$'000	2014 US$'000
At 1 September	–	–
Allowance during the financial year	618	–
At 31 August	618	–

During the financial year, an impairment of US$618,000 (2014:US$Nil) was recognised in respect of a subsidiary as a result of a decrease in the recoverable amount. The recoverable amount was determined based on fair value less costs of disposal. The fair value measurement was estimated using the net tangible assets and categorised as Level 3 on the fair value hierarchy. The lower recoverable amount is due to losses incurred by the subsidiary, mainly in relation to the impairment of a trade debtor balance.

Details of the subsidiaries as at 31 August were as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2015 %	2014 %
Held by the Company				
Emas Offshore Construction and Production Pte. Ltd.[1]	Provision of ship management services and ship and boat leasing with operator (including chartering)	Singapore	100	–
Lewek Champion Shipping Pte. Ltd.[1]	Ship owner and provision of ship chartering services	Singapore	100	–
Lewek Chancellor Shipping Pte. Ltd.[1]	Ship owner and provision of ship chartering services	Singapore	100	–
Lewek Conqueror (BVI) Ltd[1]	Ship owner and provision of ship chartering services	British Virgin Islands/ Singapore	100	–
Lewek Emerald Shipping Pte. Ltd.[#]	Ship owner and provision of ship chartering services	Singapore	100	–
Lewek Eversure Shipping Pte. Ltd.[#]	Investment holding	Singapore	100	–
Lewek Evershine Shipping Pte Ltd[@]	Ship owner and provision of ship chartering services	British Virgin Islands/ Singapore	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2015	2014
			%	%
Held by the Company (cont'd)				
Emas Offshore Production Services (Vietnam) Pte. Ltd.[1]	Investment holding	Singapore	100	–
Emas EOC Ventures Pte. Ltd.^ #	Provision of ship management services	Singapore	50	–
EOC Victoria Production Sdn Bhd* @	Investment holding	Malaysia	–	–
Lewek Alphard Shipping Pte. Ltd.[1]	Ship owner and provision of ship chartering services	Singapore	100	–
Lewek Castor Shipping Pte. Ltd.[1]	Ship owner and provision of ship chartering services	Singapore	100	–
Lewek Canopus Shipping Pte. Ltd.[1]	Ship owner and provision of ship chartering services	Singapore	100	–
EMAS Holdings Pte. Ltd.[1]	Investment holding	Singapore	100	–
Subsidiaries held by subsidiaries				
Lewek Shipping Pte Ltd[1] [a]	Ship owner and provision of ship chartering services	Singapore	100	100
Emas Offshore (M) Sdn Bhd[2] [a]	Shipping agent and provision of ship chartering services and investment holding	Malaysia	100	100
Emas Offshore (Thailand) Ltd[2] [a]	Provision of marine oil and gas sales, ship chartering services, ship management services and engineering works, agency services	Thailand	99.99	99.99
Tunis Oil Pte. Ltd.[1] [a]	Investment holding	Singapore	100	100
Lewek Aries Pte. Ltd.[1] [a]	Ship owner, provision of ship chartering services and investment holding	Singapore	100	100
Emas Offshore Pte Ltd[1] [a]	Shipping agent and provision of ship chartering	Singapore	100	100
Emas Offshore Services Nigeria Limited[3] [a]	Ship management services	Nigeria	100	100
Emas Offshore Services Pte. Ltd.[1] [a]	Ship management services	Singapore	100	100
Lewek Ebony Shipping Pte. Ltd.# [a]	Ship owner and provision of ship chartering services	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2015	2014
			%	%
Subsidiaries held by subsidiaries (cont'd)				
Lewek Robin Shipping Pte. Ltd.[(1)# (a)]	Ship owner and provision for ship chartering services	Singapore	100	100
Lewek LB1 Shipping Pte. Ltd.[(1) (a)]	Ship owner and provision of ship chartering services	Singapore	100	100
Emas Offshore (Labuan) Bhd[(2) (a)]	Ship owner and provision for ship chartering services	Malaysia	100	100
Lewek Ivory Shipping Pte Ltd[# (a)]	Ship owner and provision of ship chartering services	Singapore	100	100
Lewek Ruby Shipping Pte. Ltd.[(1) (a)]	Investment holding	Singapore	100	100
Lewek Antares Shipping Pte. Ltd.[(1) (a)]	Ship owner and provision of ship chartering services	Singapore	100	–
Emas Offshore Services (B) Sdn Bhd[(2) (b)]	Ship management services	Brunei	100	100
Bayu Intan Offshore Sdn Bhd[(4) (d) #]	Dormant	Malaysia	100	100
Bayu Emas Maritime Sdn Bhd[(4) (d)]	Management support services	Malaysia	100	100
Aries Warrior AS[(5) (c)]	Dormant	Norway	100	100
Aries Warrior DIS[(5) (c)]	Dormant	Norway	100	100
Genesis Offshore Sdn Bhd[(4) (d)]	Investment holding	Malaysia	100	100
Emas Offshore Services (M) Sdn Bhd[(2) (d)]	Ship management services	Malaysia	100	100
Emas Offshore Services (Australia) Pty Ltd[(6) (b)]	Ship management services	Australia	100	100
Lewek Altair Shipping Private Limited[(2) (e)]	Provision of ship chartering services	India	100	100
Lewek Crusader Shipping Pte. Ltd.[(1) (a)]	Ship owner and provision of ship chartering services	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Note:

[1] Audited by Ernst & Young LLP, Singapore
[2] Audited by member firms of EY Global in the representative countries
[3] Audited by Baker Tilly Nigeria
[4] Audited by Y.L. Chee & Co., Chartered Accountants (Malaysia)
[5] Audited by Deloitte & Touche, Norway
[6] Audited by Moore Stephens, Perth
[a] Held by EMAS Holdings Pte. Ltd.
[b] Held by Lewek Ruby Shipping Pte. Ltd.
[c] Held by Lewek Aries Pte. Ltd.
[d] Held by Emas Offshore (M) Sdn Bhd
[e] Held by Tunis Oil Pte. Ltd.
* Entity is inactive during the financial year.
^ Although the Company does not own more than 50% of the equity shares of Emas EOC Ventures Pte. Ltd., and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove majority of the board of directors and control of the entity is by the board. As a result, Emas EOC Ventures Pte. Ltd. is controlled by the Company and is consolidated in these financial statements.
# Company is in process of being struck-off.
@ Company was struck-off during the financial year.

Following the completion of the Business Combination on 3 October 2014, the Acquiring Group 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 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 Kroner 5.09 (equivalent to US$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 the holding company. The Business Combination has enabled the Group to become a full-service offshore support service provider and to create cross-selling opportunities derived by leveraging on the enlarged operating platform and client bases, hence generating economies of scale. The bargain purchase arose as a result of the lower share price at the completion date. The fair values of assets and liabilities of the pre-existing entities of EMAS Offshore Limited ("pre-existing EOL entities") acquired or assumed in the transaction, and the bargain purchase arising, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	US$'000
Non-current assets	
Property, plant and equipment	118,801
Investment in associates	69,948
Investment in joint ventures	185,379
Long term receivables	22,645
	396,773
Current assets	
Trade receivables	2,600
Other receivables and deposits	3,707
Prepayments	5,035
Balances due from	
– related parties	23
– associates	29,731
– joint ventures	15,034
Available-for-sale investment	56,003
Cash and bank balances	70,166
	182,299
Non-current liabilities	
Bank loans	47,151
Balances due to a related party	48,080
Derivative financial instruments	407
	95,638
Current liabilities	
Trade payables	6,044
Other payables and accruals	61,277
Balances due to related parties	44,365
Bills payable	123,042
Bank loans	17,007
Income tax payable	1,347
	253,082
Net assets and liabilities	230,352
Less: Net assets and liabilities attributable to non-controlling interest	(233)
Net assets acquired and liabilities assumed	230,119
Less: Bargain purchase from acquisition of pre-existing EOL entities	(154,686)
Total consideration	75,433

Trade receivables

Trade receivables acquired comprise of trade receivables with fair value of US$2,600,000 and gross amounts of US$6,771,000. At the acquisition date, US$4,171,000 of the contractual cash flows pertaining to trade receivables is not expected to be collected.

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:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	US$'000
Non-current asset	
Property, plant and equipment	66,000
Current assets	
Balances due from a related party	143
Cash and bank balances	695
	838
Non-current liability	
Bank loans	26,775
Current liabilities	
Trade payables	61
Balances due to related parties	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: Bargain purchase from step-acquisition of joint venture	(1,290)
Total consideration	11,110

Net cash inflow on reverse acquisition

Cash and cash equivalents of subsidiaries acquired	70,862
Less: Restricted cash	(30,000)
Less: Consideration settled in cash	(25,000)
Net cash inflow on reverse acquisition	15,862

Impact of acquisition on the results of the Group

Included in the profit for the financial period is US$20,580,000 attributable to the pre-existing EOL entities. Revenue for the period from pre-existing EOL entities amounted to US$8,509,000.

Had the Business Combination been effected on 1 September 2014, the revenue of the Group from continuing operations would have increased by US$2,230,000, and the profit for the period would have decreased by US$959,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

7. INVESTMENTS IN ASSOCIATES

	Group	
	2015 US$'000	2014 US$'000
PV Keez Pte. Ltd.	77,161	–
Intan Offshore Sdn. Bhd.	33,074	29,184
Emas Offshore Services (Philippines) Inc	149	71
	110,384	29,255

Details of the associates as at 31 August were as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2015 %	2014 %
Held by subsidiaries				
PV Keez Pte. Ltd.*	Ship owning and provision of ship chartering services	Singapore	41.74	–
Intan Offshore Sdn. Bhd. #	Ship owning and provision of ship chartering services	Malaysia	49	49
Emas Offshore Services (Philippines) Inc @	Provision of ship chartering services	Philippines	40	40
Held by associates				
Sarah Pearl Shipping Pte. Ltd.	Provision of ship chartering services	Singapore	49	49
Lewek Eagle Offshore Sdn Bhd	Dormant	Malaysia	49	49
Lewek Swift Shipping Pte. Ltd.	Dormant	Singapore	49	49
Jade Offshore Sdn Bhd	Dormant	Malaysia	49	49
Lewek Mallard Offshore Sdn Bhd	Dormant	Malaysia	49	49
Intan Offshore (Labuan) Ltd	Provision of vessels and equipment on vessels chartering services	Malaysia	49	49

Note:
* : Audited by Ernst & Young LLP, Singapore
# : Audited by Baker Tilly AC, Malaysia
@ : In process of appointment

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

7. INVESTMENTS IN ASSOCIATES (CONT'D)

PV Keez Pte. Ltd. ("PV Keez")

Part of the Group's investment in PV Keez is in the form of Redeemable Cumulative Preference Shares ("RCPS"). RCPS were issued to the Company as the consideration upon completion of the sale of a vessel by the Group to PV Keez.

The RCPS has the following rights:

(a) the right to fixed cumulative preferential dividend at the rate of 8% per annum for the RCPS outstanding, which shall accrue from the commencement of the charter of the vessel to third party;
(b) dividend on RCPS shall rank in priority to any payment of dividend on any other classes of shares;
(c) first preference on return of assets in the event of liquidation;
(d) may be redeemed by PV Keez at any time wholly or partly for the time being issued and outstanding at during the firm charter period of the vessel, by giving not less than six months' notice in writing of the intention to the Company;
(e) may be redeemed by the Company at any time wholly or partly for the time being issued and outstanding at upon expiry of the firm charter period of the vessel, by giving not less than six months' notice in writing of the intention to PV Keez;
(f) may be redeemed at its nominal value of US$1 per RCPS; and
(g) carries no voting right except of matters as prescribed in the shareholders' agreement.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs. For comparative purposes, the prior year figures are nil.

	Group
	2015
	US$'000
PV Keez Pte. Ltd.	
Current assets	39,465
Non-current assets	350,720
Current liabilities	139,507
Non-current liabilities	37,816
Redeemable preference shares classified as equity	28,000
Revenue	76,008
Profit after tax	19,340
Preference share dividends	(2,056)
Profit for the year, representing total comprehensive income for the year from continuing operations	17,284

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

7. INVESTMENTS IN ASSOCIATES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in PV Keez Pte. Ltd. recognised in the consolidated financial statements:

	Group
	2015
	US$'000
Net assets of the associate	184,862
Proportion of the Group's ownership interest in the associate	41.74%
Carrying amount of the Group's interest in the associate	77,161

	Group	
	2015	2014
	US$'000	US$'000
Intan Offshore Sdn. Bhd.		
Current assets	41,422	35,863
Non-current assets	61,407	59,614
Current liabilities	7,838	7,092
Non-current liabilities	27,493	28,826
Revenue	32,080	13,370
Profit for the year, representing total comprehensive income for the year from continuing operations	8,829	8,390

Reconciliation of the above summarised financial information to the carrying amount of the interest in Intan Offshore Sdn. Bhd. recognised in the consolidated financial statements:

	Group	
	2015	2014
	US$'000	US$'000
Net assets of the associate	67,498	59,559
Proportion of the Group's ownership interest in the associate	49%	49%
Carrying amount of the Group's interest in the associate	33,074	29,184

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

7. INVESTMENTS IN ASSOCIATES (CONT'D)

Information of the associate that is not individually material is as follows:

	Group	
	2015	2014
	US$'000	US$'000
The Group's share of profit, representing total comprehensive income for the year from continuing operations	75	*
Carrying amount of the Group's interest in the associate	149	71

* Less than US$1,000

8. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
				(Restated)
Emas Victoria (L) Bhd	150,974	–	120,305	121,261
SJR Marine (L) Ltd	27,667	–	28,059	41,344
Lewek Antares Shipping Pte. Ltd.	–	–	–	18,251
Other joint ventures	2,981	–	*	*
	181,622	–	148,364	180,856

* Less than US$1,000

Analysis of allowance for impairment loss is as follows:

	Company	
	2015	2014
	US$'000	US$'000
At 1 September	–	–
Allowance during the financial year	13,249	–
At 31 August	13,249	–

During the financial year, an impairment of US$13,249,000 (2014:US$Nil) was recognised in respect of the joint venture, SJR Marine (L) Ltd, as a result of a decrease in the recoverable amount. The recoverable amount was determined based on fair value less costs of disposal. The fair value measurement was estimated using the net tangible assets and categorised as Level 3 on the fair value hierarchy. The lower recoverable amount is due to decrease in the valuation of the vessel held by the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

Details of the joint ventures as at 31 August were as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2015	2014
			%	%
Held by the Company				
Emas Victoria (L) Bhd**	Ship owner and provision of ship chartering services	Malaysia	49	–
Victoria Production Services Sdn Bhd#	Operation and maintenance of floating production storage and offloading unit	Malaysia	49	–
SJR Marine (L) Ltd**	Leasing of vessels, barges and equipment on bareboat basis	Malaysia	49	–
Held by subsidiary				
PVTrans Emas Co Ltd^	Operation and maintenance of floating, production, storage and offloading	Socialist Republic of Vietnam	50	–

Note:

** : Audited by Baker Tilly Monteiro & Heng, Malaysia

: Audited by Baker Tilly AC, Malaysia

^ : Audited by Deloitte Vietnam Company Ltd, in process of being dissolved

Although the Group owns less than half of the equity interests in Emas Victoria (L) Bhd, Victoria Production Services Sdn Bhd and SJR Marine (L) Ltd ("SJR Marine"), these entities have not been regarded as associates of the Group as management have assessed that the Group has half of the total board seats by virtue of the contractual arrangements with the joint venture party. Accordingly, all decisions over the relevant activities of these entities require unanimous approval.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

Simultaneous with the initial agreement over the transfer of the 49% equity interest in SJR Marine from Perisai Petroleum Teknologi Bhd ("PPT") to the Company on 5 December 2012, the Company entered into the following supplementary agreement:

(i) PPT grants the Company the right to acquire all of PPT's remaining equity interest in SJR Marine (the "Call Option Shares") from PPT, and the Company may exercise the Call Option at the Call Option Price at any time during the two year period from the completion date of the acquisition of the 49% equity interests in SJR Marine ("Completion Date") ("Call Option Period"). The Call Option Price is fixed at the price equivalent to 51% of the net assets value of SJR Marine at the Completion Date;

(ii) In the event that the Call Option is not exercised during the Call Option Period, the parties shall use their best endeavours to procure SJR Marine to sell SJR Marine's vessel, the Enterprise 3, to an interested third party within a period of 12 months from the expiry of the Call Option Period ("Enterprise 3 Disposal Period") on terms to be agreed upon by the parties. Where SJR Marine is unable to dispose of Enterprise 3 within the Enterprise 3 Disposal Period, PPT shall be entitled to exercise its right under the Put Option; and

(iii) The Company grants PPT the right ("Put Option") to sell all of its remaining equity interest in SJR Marine ("Put Option Shares") to the Company. The Company shall acquire the Put Option Shares at the Put Option Price which is equivalent to the Call Option Price. PPT may exercise the Put Option at any time within the period of one month prior to the expiry of the Enterprise 3 Disposal Period ("Put Option Period"). In the event that the Put Option is not exercised within the Put Option Period, PPT's Put Option Rights shall lapse.

At the reporting date, management has assessed that the Call Option is out of the money.

Significant restrictions

Emas Victoria (L) Bhd, Victoria Production Services Sdn Bhd and SJR Marine (L) Ltd cannot distribute profits or repay advances made by the Group unless consents are obtained from the joint venture partner and the banks under the loan covenants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with FRSs. For comparative purposes, the prior year figures are nil.

Emas Victoria (L) Bhd	**Group 2015 US$'000**
Cash and cash equivalents	20,214
Other current assets	19,772
Current assets	39,986
Non-current assets	410,826
Trade and other payables and provisions	17,465
Other current liabilities	12,654
Current liabilities	30,119
Non-current liabilities	177,542
Revenue	65,985
Operating expenses, net	(4,461)
Depreciation	(21,624)
Interest income	–
Interest expense	(7,648)
Profit before tax	32,252
Income tax expense	(6)
Profit for the financial year, representing total comprehensive income for the year from continuing operations	32,246

Reconciliation of the above summarised financial information to the carrying amount of the interest in Emas Victoria (L) Bhd recognised in the consolidated financial statements:

	Group 2015 US$'000
Net assets of the joint venture	243,151
Proportion of the Group's ownership interest in joint venture	49%
Share of net assets of the joint venture	119,144
Deferred profit	(2,725)
Additional investment	34,555
Carrying amount of the Group's interest in joint venture	150,974

Additional investment in Emas Victoria (L) Bhd relates to additional costs incurred for the upgrade and modification of the joint venture's vessel, which is borne by the Company under the relevant Shareholders' Agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

SJR Marine (L) Ltd	Group 2015 US$'000
Cash and cash equivalents	3,032
Other current assets	23
Current assets	3,055
Non-current assets	99,199
Trade and other payables and provisions	22,841
Other current liabilities	6,650
Current liabilities	29,491
Non-current liabilities	16,300
Revenue	–
Other income, net	52
Depreciation	(4,798)
Interest income	–
Interest expense	(575)
Profit before tax	(5,321)
Income tax expense	–
Profit for the financial year, representing total comprehensive income for the year from continuing operations	(5,321)

Reconciliation of the above summarised financial information to the carrying amount of the interest in SJR Marine (L) Ltd recognised in the consolidated financial statements:

	2015 US$'000
Net assets of the joint venture	56,463
Proportion of the Group's ownership interest in joint venture	49%
Carrying amount of the Group's interest in joint venture	27,667

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

Aggregate information of the joint ventures that are not individually material are as follows:

	Group
	2015
	US$'000
The Group's share of:	
– Profit or loss from continuing operations	1,558
– Other comprehensive income	77
– Total comprehensive income	1,635
Carrying amount of the Group's interest in the joint ventures	2,981

9. LONG TERM RECEIVABLES

The long term receivables relate to deferred consideration of US$51,575,000 which will be offset against the purchase option or recovered upon the end of the operating lease (Note 33b). The fair value of the deferred consideration at initial recognition is estimated by discounting the expected future cash flows at the Group's weighted average interest rate of floating rate loans of 3.03% to 7.98%.

Deferred consideration is carried at amortised cost discounted at an effective interest rate of 3.03% (2014 : Nil%) as follows:

	Group	
	2015	2014
	US$'000	US$'000
Balance at beginning of the financial year	5,200	5,200
Acquired through business combination (Note 6)	22,645	–
Arising from disposal of vessels on sale and leaseback arrangements	9,117	–
Amortisation of interest income	629	–
Balance at end of the financial year	37,591	5,200

10. INVENTORIES AND WORK-IN-PROGRESS

	Group	
	2015	2014
	US$'000	US$'000
Inventories held for trading, at cost	6,248	4,177
Work-in-progress	14	–
Total inventories and work-in-progress at lower of cost and net realisable value	6,262	4,177

The Group has not made any allowance for stock obsolescence during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade and other receivables (current):				
Trade receivables	33,155	57,655	–	–
Other receivables	79,348	7,058	154	94
Balances due from				
– holding company	13,600	17,172	5,809	–
– subsidiaries	–	–	322,000	50,854
– associates	35,222	1,390	–	11,292
– joint ventures	15,989	–	13,094	–
– related parties	129,074	214,782	3,005	2,811
Deposits	3,709	3,058	10	–
Total other receivables	276,942	243,460	344,072	65,051
Total trade and other receivables	310,097	301,115	344,072	65,051
Long term receivables (non-current):				
Deferred consideration	37,591	5,200	–	–
Total trade and other receivables (current)	310,097	301,115	344,072	65,051
Total long term receivables (non-current)	37,591	5,200	–	–
Add: Cash and cash equivalents (Note 13)	24,035	15,729	4,807	120
Add: Cash pledged	37,298	3,428	1,500	–
Total loans and receivables	409,021	325,472	350,379	65,171

(a) Trade receivables

	Group	
	2015	2014
	US$'000	US$'000
Trade receivables		
– Billed	36,900	59,756
– Unbilled	2,862	3,024
	39,762	62,780
Less: Allowance for doubtful debts	(6,607)	(5,125)
	33,155	57,655

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Analysis of allowance for doubtful debts is as follows:

	Group	
	2015	**2014**
	US$'000	**US$'000**
At beginning of the financial year	5,125	3,780
Allowance for the financial year	4,607	2,854
Written off against allowance	(2,780)	(857)
Write back of allowance	(343)	(662)
Translation difference	(2)	10
At end of the financial year	6,607	5,125

Allowance for trade receivables are individually assessed at the end of the reporting period. Trade receivables that are individually determined to be impaired at the end of the reporting period relate to amounts that were more than 365 days and in dispute. The management has assessed the probability of collection to be low.

The age analysis of trade receivables is as follows:

	2015		2014	
	Gross	**Allowance**	**Gross**	**Allowance**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Not past due or less than 60 days overdue	23,481	–	38,409	–
Past due				
– 61 to 180 days	6,560	–	6,708	–
– More than 180 days	9,721	(6,607)	17,663	(5,125)
	39,762	(6,607)	62,780	(5,125)

Trade receivables are non-interest bearing and are normally settled on 30-45 day terms. The Group deals with customers who are mainly creditworthy oil majors or their preferred service providers. Based on historical collections experience, the Group believes that no further allowance for doubtful debts is necessary in respect of certain trade receivables which are not past due as well as certain trade receivables which are past due but not impaired. Objectives and policies on credit risk management have been disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) *Other receivables*

These amounts are unsecured, interest-free and repayable in cash on demand.

(c) *Trade and other receivables*

Significant trade and other receivables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Indian Rupees	3,131	48	–	–
Malaysian Ringgit	1,806	3,245	–	–
Brunei Dollars	993	2,368	–	–
Singapore Dollars	571	296	164	92

(d) *Balances due from the holding company, subsidiaries, associates, joint ventures and related parties*

These amounts are unsecured, interest-free and repayable in cash on demand. All balances are denominated in United States Dollars. Balances due from subsidiaries are non-trade in nature.

12. AVAILABLE-FOR-SALE ("AFS") INVESTMENT

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Quoted equity investment, at fair value	9,989	–	9,989	63,082

The fair values of these securities are based on the quoted closing market prices translated at closing rate on the last market day at the end of the reporting period. As the end of the reporting period, the Group and the Company recognised US$46,015,000 and US$53,093,000 (2014: fair value gain US$5,848,000 and US$3,195,000) fair value loss in other comprehensive income respectively. The AFS investment is pledged in connection with the bank loans facilities granted by financial institutions (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Fixed deposits	30,718	–	–	–
Cash and bank balances	30,615	19,157	6,307	120
	61,333	19,157	6,307	120
Less: Restricted cash/charged accounts	(37,298)	(3,428)	(1,500)	–
Cash and cash equivalents	24,035	15,729	4,807	120

(a) Fixed deposits

The fixed deposits are made for varying periods of between one day and three months depending on the cash requirement of the Group and the Company and earn effective interest rates ranging from 0.5% to 0.76% (2014: Nil%) per annum. The fixed deposits are denominated in United States Dollars.

(b) Cash and bank balances

Significant cash and bank balances denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	112	2,164	–	–
Singapore Dollars	3,132	1,113	191	102
Indian Rupees	276	250	–	–

(c) Restricted cash/charged accounts

Restricted cash/charged accounts are either restricted in use, charged over the months held in the operating accounts or have been placed by connection with the credit facilities granted (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

14. ASSETS HELD FOR SALE

	Group	
	2015	2014
	US$'000	US$'000
Vessels	–	17,750

The board of directors has supported the decision to dispose the non-core business assets. This decision was consistent with the Group's efforts and overall strategy to effectively manage its balance sheet and optimise its capital structure in view of the robust growth prospects and to enhance shareholders' value.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade and other payables (current):				
Trade payables	12,789	17,207	–	–
Other payables	106,237	38,727	3,081	1,914
Balances due to				
– holding company	14	107,464	–	2,074
– subsidiaries	–	–	149,535	177,034
– related parties	28,183	50,721	164	2,317
– associates	7,398	4,293	–	–
Total other payables	141,832	201,205	152,780	183,339
Total trade and other payables	154,621	218,412	152,780	183,339
Other payables (non-current):				
Balance due to holding company	125,000	–	125,000	–
Balance due to a related party	31,970	–	–	37,800
	156,970	–	125,000	37,800
Total trade and other payables (current and non-current)	311,591	218,412	277,780	221,139
Add:				
– Bills payable to banks (Note 16)	120,923	41,550	42,000	–
– Lease obligations (Note 18)	11,357	69	–	–
– Bank term loans (Note 19)	497,605	379,065	45,000	–
Total financial liabilities carried at amortised cost	941,476	639,096	364,780	221,139

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

15. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.

Significant trade payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Singapore Dollars	5,673	5,475
Euro	544	1,009
Brunei Dollars	468	–
Thai Baht	440	427
Indian Rupees	278	–
Norwegian Kroner	21	140
Malaysian Ringgit	3	747

(b) Other payables

Details of other payables are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Advance billing made to customers	–	476	–	–
Accrued interest payable	2,093	1,405	371	–
Accrued operating expenses	60,086	34,909	2,649	1,648
Option price payable	37,720	–	–	–
Other creditors	6,338	1,937	61	266
	106,237	38,727	3,081	1,914

Other creditors mainly relate to payables to equipment suppliers and are unsecured, interest-free and repayable in cash on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

15. TRADE AND OTHER PAYABLES (CONT'D)

(b) Other payables (cont'd)

Significant other payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Singapore Dollars	2,735	1,828	140	229
Malaysian Ringgit	619	515	–	–
Indian Rupees	288	991	–	–
Norwegian Kroner	8	–	5	80
Great British Pounds	5	–	–	88

(c) Balances due to holding company, subsidiaries, related parties and associates (current)

These amounts are unsecured, interest-free and repayable in cash on demand. All balances are denominated in United States Dollars. Balances due to holding company and subsidiaries are non-trade in nature.

(d) Balances due to holding company and a related party (non-current)

The amount due to holding company is unsecured, interest-free for the first year and interest bearing at 3.5% for the second and third year. The amount is payable in full at the end of the third year.

The amounts due to a related party are unsecured, interest-free trade in nature and have no fixed repayment date.

The above balances are denominated in United States Dollars.

16. BILLS PAYABLE TO BANKS

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Bills payable				
– secured	72,800	30,800	42,000	–
– unsecured	48,123	10,750	–	–
	120,923	41,550	42,000	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

16. BILLS PAYABLE TO BANKS (CONT'D)

Significant bills payable denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 August are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Singapore Dollars	14,872	–	–	–

Bills payable of the Group are secured by:

(a) first and second mortgage in the name of vessels owned by the Group;

(b) pledge of AFS securities;

(c) assignment of current and earnings accounts and receivables;

(d) assignment of charter income, charter contracts and vessel insurance in favour of the financial institution; and

(e) corporate guarantee from the Company, a subsidiary or the holding company.

The bills payable of the Group bear interest at 1.5% to 3.0% (2014: 1.5% to 2.0%) per annum above the bank's Cost of Funds ("COF"), Singapore Inter Bank Offer Rate ("SIBOR") or London Inter Bank Offer Rate ("LIBOR") of 0.13% to 1.60% (2014: 0.15% to 0.27%) per annum. The bills payable of the Company bear interest at 1.55% to 2.50% (2014: Nil%) per annum above LIBOR of 0.23% to 0.38% (2014: Nil%) per annum.

During the financial year, the effective interest rates of the bills payable of the Group and the Company ranged from 1.73% to 3.35% and 1.78% to 2.88% (2014: 1.73% and 2.26%) per annum respectively.

17. DEFERRED INCOME

	Group	
	2015	2014
	US$'000	US$'000
Current	436	436
Non-current	5,822	6,258
	6,258	6,694

The deferred income refers to the Group's share of the unrealised profit arising from the sale of vessels to associates. The deferred income will be amortised over the remaining useful lives of the vessels and taken to the share of results of associates in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

17. DEFERRED INCOME (CONT'D)

Movement in deferred income is as follows:

	Group 2015 US$'000	Group 2014 US$'000
At beginning of the financial year	6,694	7,130
Amortisation during the financial year	(436)	(436)
At end of the financial year	6,258	6,694

18. LEASE OBLIGATIONS

	Group			
	Minimum payments 2015 US$'000	Present value of payments 2015 US$'000	Minimum payments 2014 US$'000	Present value of payments 2014 US$'000
Not later than one year	2,199	1,188	18	15
Later than one year but not later than five years	10,633	10,169	59	54
	10,633	10,169	59	54
Total minimum lease payments	12,832	11,357	77	69
Less: Amounts representing finance charges	(1,475)	–	(8)	–
Present value of minimum lease payments	11,357	11,357	69	69

Lease terms are for 2 to 5 years. One (2014: Nil) of the lease mandates the transfer of ownership of the leased asset at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

Lease obligations bear interest at flat rates ranging from 2.6% to 9.4% (2014: 2.6%) per annum. The effective interest rates ranged from 5.1% to 11.0% (2014: 4.9%) per annum.

19. BANK TERM LOANS

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Due within 1 year	84,879	66,513	–	–
Due within 2 to 5 years	412,726	312,552	45,000	–
Total	497,605	379,065	45,000	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

The balance comprises:

		Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
	Secured				
(a)	Term loan with principal of US$5,350,000 bears interest at 1.25% (2014: 1.25%) per annum above US$ SIBOR of 0.15% to 0.19% (2014: 0.15% to 0.19%) per annum. The loan is repayable over 10 years in equal monthly instalments commencing 28 February 2007. The monthly instalment amounts to US$49,904 for the remaining months. This term loan is secured by way of a statutory mortgage over the vessel, assignment of charter income of the vessel and charter contracts, vessel insurance and corporate guarantee from the holding company.	854	1,447	–	–
(b)	Term loan with principal of US$12,457,000 bears interest at 1.10% (2014: 1.10%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%) per annum. The loan is repayable over 40 equal quarterly instalments of US$311,425 commencing on 1 March 2008. This term loan is secured by way of a first preferred ship mortgage over the vessel, assignment of vessel insurances, charter income, charter contract for charters with terms of more than 6 months and corporate guarantee from the holding company.	3,114	4,360	–	–
(c)	Term loan with principal of US$54,798,969 bears interest at 2.50% (2014: 2.50%) above US$ LIBOR of 0.23% to 0.29% (2014: 0.23% to 0.27%). The loan is repayable over 25 equal quarterly instalments of US$1,718,750 commencing on 19 July 2011 and a final instalment of US$11,830,219. The term loan is secured by way of first priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the holding company.	25,580	32,455	–	–
(d)	Term loan with principal of S$19,500,000 bears interest at 2.50% (2014: 2.50%) above Swap Offer Rate ("SOR") of 0.22% to 0.80% (2014: 0.21% to 0.23%). The loan is repayable over 16 equal quarterly instalments of S$1,218,750 commencing on 19 July 2012. This term loan is secured by way of first priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the holding company.	2,589	6,827	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(e)	Term loan with a principal of US$84,500,000 that bears interest at 2.25% (2014: 2.25%) above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.24%). The term loan is repayable over 19 equal quarterly instalments of US$2,640,625 commencing on 6 June 2014 and a final instalment of US$34,328,125. The term loan is secured by way of a first priority legal mortgage of the vessel, assignment of all earnings, rights and benefits of vessel, first legal charge over certain equipment onboard vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating account of the vessel and corporate guarantee from the holding company.	71,297	81,860	–	–
(f)	Term loan with principal of US$9,975,000 bears interest at 2.25% (2014: 2.25%) per annum above US$ LIBOR of 0.23% to 0.29% (2014: 0.23% to 0.27%). The loan is repayable over 19 equal quarterly instalments of US$312,500 commencing 3 months from 18 June 2013 and a final instalment of US$4,037,500. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the holding company.	7,475	8,725	–	–
(g)	Term loan with principal of US$8,750,000 bears interest at 2.25% (2014: 2.25%) per annum above bank's US$ LIBOR of 0.23% to 0.29% (2014: 0.23% to 0.24%). The loan is repayable over 18 equal quarterly instalments of US$284,375 commencing 3 months from 13 December 2013 and a final instalment of US$3,631,250. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the holding company.	7,044	8,181	–	–
(h)	Term loan with principal of US$23,500,000 bears interest at 2.30% (2014: 2.30%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%) per annum. The loan is repayable over 19 equal quarterly instalments of US$780,000 commencing on 10 October 2012 and a final instalment of US$8,680,000. This term loan is secured by way of a first priority legal mortgage over the vessel, assignment of charter income, insurance policies, pledge over the earnings and retention account of the vessel and corporate guarantee from the holding company.	14,140	17,260	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(i)	Term loan with principal of US$2,000,000 bears interest at 2.30% (2014: 2.30%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.14% to 0.23%) per annum. This loan is repayable over 13 equal quarterly instalments of US$83,333 commencing on 10 April 2014 and a final instalment of US$916,667. This term loan is secured by way of a first priority legal mortgage over the vessel, assignment of charter income, insurance policies, pledge over the earnings and retention account of the vessel and corporate guarantee from the holding company.	1,500	1,833	–	–
(j)	Term loan with principal of US$16,500,000 bears interest at 2.50% (2014: 2.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%). The loan is repayable over 20 quarterly instalments ranging from US$412,500 to US$825,000 commencing on 21 March 2013 and a final instalment of US$3,300,000. This term loan is secured by way of second preferred legal mortgage over the vessel, second priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, second priority charge over the earnings and retention accounts of the vessel and corporate guarantee from the holding company and a subsidiary.	11,138	13,613	–	–
(k)	Term loan with principal of US$4,750,000 bears interest at 2.50% (2014: 2.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%). The loan is repayable over 20 quarterly instalments ranging from US$118,750 to US$237,500 commencing on 21 March 2013 and a final instalment of US$950,000. This term loan is secured by way of a legal mortgage over the vessel, assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, charge over the earnings account of the vessel and corporate guarantee from the holding company and a subsidiary.	3,206	3,919	–	–
(l)	Term loan with principal of US$8,250,000 bears interest at 2.50% (2014: 2.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%). The loan is repayable over 20 quarterly instalments ranging from US$206,250 to US$412,500 commencing on 21 March 2013 and a final instalment of US$1,650,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts and insurances in respect of the vessel, first priority charge over the earnings account of the vessels and corporate guarantee from the holding company and a subsidiary.	5,569	6,806	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
	Secured				
(m)	Term loan with principal of US$4,500,000 bears interest at 2.50% (2014: 2.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%). The loan is repayable over 20 quarterly instalments ranging from US$112,500 to US$225,000 commencing on 21 March 2013 and a final instalment of US$900,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the holding company and a subsidiary.	3,038	3,713	–	–
(n)	Term loan with principal of US$11,000,000 bears interest at 2.50% (2014: 2.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%). The loan is repayable over 20 quarterly instalments ranging from US$275,000 to US$550,000 commencing on 21 March 2013 and a final instalment of US$2,200,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the holding company and a subsidiary.	7,425	9,075	–	–
(o)	Term loan with principal of US$8,400,000 bears interest at 2.50% per annum above US$ LIBOR of 0.28% to 0.33%. The loan is repayable over 20 equal quarterly instalments of US$300,000 commencing 3 months from 26 May 2015 and a final instalment of US$2,400,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company.	8,100	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(p)	Term loan with principal of US$16,200,000 bears interest at 2.50% per annum above US$ LIBOR of 0.29%. The loan is repayable quarterly over US$800,000 for the first two instalments and US$579,000 for the remaining 18 instalments commencing 3 months from 11 June 2015 and a final instalment of US$4,185,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company.	16,200	–	–	–
(q)	Term loan with principal of US$41,600,000 bears interest at 2.80% (2014: 2.80%) per annum above US$ LIBOR of 0.23% to 0.33% (2014: 0.23% to 0.26%). The loan is repayable over 29 equal quarterly instalments of US$887,586 commencing 3 months from 20 February 2013 and a final instalment of US$15,860,000. The term loan is secured by way of first priority mortgage over two vessels, assignment of charter income and charter contracts, assignment of vessels insurances, charge over all monies held in operating account of the vessels and corporate guarantee from the holding company.	32,724	36,274	–	–
(r)	Term loan with principal of US$25,200,000, bears interest at 2.0% to 2.3% per annum over US$ LIBOR of 0.3% to 0.28% per annum. The loan is repayable over 20 equal quarterly instalments of US$787,500 commencing on 8 October 2014 and a final instalment of US$9,450,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company.	22,050	–	–	–
(s)	Term loan with principal of US$28,000,000, bears interest at 2.25% per annum over US$ LIBOR of 0.23% to 0.31% per annum. The loan is repayable over 20 equal quarterly instalments of US$875,000 commencing on 9 February 2015 and a final instalment of US$10,500,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company.	25,375	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
	Secured				
(t)	Term loan with principal of US$17,000,000, bears interest at 2.25% per annum over US$ LIBOR of 0.26% to 0.29% per annum. The loan is repayable over 20 equal quarterly instalments of US$850,000 commencing on 28 January 2015. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the Company.	15,300	–	–	–
(u)	Term loan with two tranches of principal of S$4,000,000, bears interest at 4.50% per annum over SGD SIBOR of 0.40% to 0.83% per annum for the first tranche and 0.40% to 1.02% per annum for the second tranche. The loan is repayable over 36 equal monthly instalments of S$55,000 for each of the two tranches commencing on 9 January 2013 and 1 February 2013 respectively. This term loan is secured by way of corporate guarantee from the Company and minimum maintenance of debt reserve account.	379	–	–	–
(v)	Long term revolving credit facility with principal of US$30,000,000 bears interest at 1.50% above US$ LIBOR of 0.27% to 0.33% per annum. The loan is secured by way of second priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in fixed deposit account and operating account of the vessel and corporate guarantee from the Company.	30,000	–	–	–
(w)	Term loan with principal of US$22,610,000, bears interest at 1.80% per annum over US$ LIBOR of 0.23% to 0.28% per annum. The loan is repayable over 26 equal quarterly instalments of US$595,000 commencing on 30 November 2011 and a final instalment of US$7,140,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the holding company.	13,090	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(x)	Term loan with principal of US$23,205,000, bears interest at 1.80% per annum over US$ LIBOR of 0.23% to 0.28% per annum. The loan is repayable over 26 equal quarterly instalments of US$595,000 commencing on 30 November 2011 and a final instalment of US$7,735,000. This term loan is secured by way of first priority legal mortgage over the vessel, first priority assignment of all earnings, charter contracts, insurances and requisition compensation in respect of the vessel, first priority charge over the earnings account of the vessel and corporate guarantee from the holding company.	13,685	–	–	–
(y)	Long term revolving credit facility with two tranches of principal of up to US$45,000,000 bears interest at 2.85% above US$ LIBOR of 0.27% to 0.28% per annum for the first tranche and 0.28% per annum for the second tranche. The loan is secured by way of second priority mortgage over four vessels and fourth priority mortgage over one vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the holding company.	45,000	–	45,000	–
(z)	Term loan with principal of US$4,320,000, bears interest at 1.50% (2014: 1.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.28%) per annum. The loan is repayable over 11 equal quarterly instalments of US$240,000 commencing 3 months from 28 March 2013 and final instalment of US$1,680,000. This term loan is secured by way of a legal mortgage over the vessel (including all equipment and fixtures on board), first and third party assignment of charter income and charter contracts and any other cash flows of the vessel, assignment of vessel insurances, charge over all monies held in the earnings and retention account of the vessel and corporate guarantee from the holding company.	2,160	3,120	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
	Secured				
(aa)	Term loan with principal of US$3,000,000, bears interest at 1.50% (2014: 1.50%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.12% to 0.23%) per annum. The loan is repayable over 8 equal quarterly instalments of US$183,673 commencing 3 months from 19 March 2014 and final instalment of US$1,530,612. This term loan is secured by way of a legal mortgage over the vessel (including all equipment and fixtures on board), first and third party assignment of charter income and charter contracts and any other cash flows of the vessel, assignment of vessel insurances, charge over all monies held in the earnings and retention account of the vessel and corporate guarantee from the holding company.	1,898	2,633	–	–
(ab)	Term loan with principal of US$7,231,000 bears interest at 1.00% (2014: 1.00%) per annum above US$ LIBOR of 0.23% (2014: 0.23% to 0.27%) per annum. This loan is repayable over 40 equal quarterly instalments of US$180,775 commencing on 1 April 2008. This term loan is secured by way of a first preferred ship mortgage over the vessel, assignment of vessel insurances, charter income, charter contract for charters with terms of more than 6 months and corporate guarantee from the holding company. The loan was fully repaid during the financial year.	–	2,531	–	–
(ac)	Term loan with principal of US$6,650,000 bears interest at 2.20% (2014: 2.20%) per annum above US$ LIBOR of 0.23% to 0.28% (2014: 0.22% to 0.26%) per annum. The loan is repayable over 20 equal quarterly instalments of US$237,500 commencing 3 months from 10 August 2010 and a final instalment of US$1,900,000. This term loan is secured by way of a first priority legal mortgage over the vessel, assignment of charter income and charter contracts more than 13 months, insurance policies, pledge over the earnings and retention account of the vessel and corporate guarantee from the holding company. The loan was fully repaid during the financial year.	–	2,850	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(ad)	Term loan with principal of US$24,000,000 bears interest at 1.90% (2014: 1.90%) above US$ LIBOR of 0.23% to 0.33% (2014: 0.23% to 0.26%) and is repayable over 27 equal quarterly instalments of US$855,000 commencing on 23 August 2012 and a final instalment of US$915,000. This term loan is secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the holding company.	12,885	16,305	–	–
(ae)	Term loan with principal of US$10,000,000 bears interest at 1.90% (2014: 1.90%) above US$ LIBOR of 0.23% to 0.33% (2014: 0.21% to 0.23%) and is repayable over 22 equal quarterly instalments of US$454,545 commencing on 25 February 2014. The term loan is secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the holding company.	6,818	8,636	–	–
(af)	Term loan with principal of US$24,000,000 bears interest at 1.90% (2014: 1.90%) above US$ LIBOR of 0.23% to 0.28% (2014: 0.23% to 0.27%) and is repayable over 27 equal quarterly instalments of US$855,000 commencing on 9 October 2012 and a final instalment of US$915,000. This term loan is secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the holding company.	13,740	17,160	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
	Secured				
(ag)	Term loan with principal of US$10,000,000 bears interest at 1.90% (2014: 1.90%) above US$ LIBOR of 0.23% to 0.28% (2014: 0.17% to 0.24%) and is repayable over 22 equal quarterly instalments of US$454,545 commencing on 7 April 2014. The term loan is secured by way of a first priority legal mortgage of the vessel (including all equipment and fixtures onboard), assignment of all earnings, rights and benefits arising from the vessel, assignment of all insurance policies of the vessel, charge over all monies held in operating and retention account of the vessel and corporate guarantee from the holding company.	7,273	9,091	–	–
(ah)	Term loan with principal of US$3,500,000 bears interest at 2.25% (2014: 2.25% to 2.5%) per annum above US$ SIBOR of 0.24% to 0.48% (2014: 0.24% to 0.52%) per annum. This loan is repayable over 11 equal quarterly instalments of US$300,000 commencing on 27 November 2012 and a final instalment of US$200,000. This term loan is secured by way of a first statutory mortgage over the vessel, assignment of vessel insurances, charter income, charter contract, charge over operating and retention account and unconditional corporate guarantee from the holding company. The loan was fully repaid during the financial year.	–	1,100	–	–
(ai)	Term loan with principal of US$22,000,000 bears interest at 2.25% (2014: 2.25% to 2.50%) per annum above US$ LIBOR of 0.23% to 0.30% (2014: 0.22% to 0.26%). The loan is repayable over 19 equal quarterly instalments of US$786,000 commencing 3 months from 26 July 2013 and a final instalment of US$7,066,000. The term loan is secured by way of first priority mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over all monies held in operating account of the vessel and corporate guarantee from the holding company.	15,712	18,856	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(aj)	Term loan with principal of US$21,700,000 bears interest at 2.20% (2014: 2.20%) per annum above US$ LIBOR of 0.23% to 0.29% (2014: 0.23%). The loan is repayable over 20 equal quarterly instalments of US$775,000 commencing 3 months from 18 March 2014 and a final instalment of US$6,200,000. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the holding company and a subsidiary.	17,825	20,925	–	–
(ak)	Term loan with principal of US$16,892,470 bears interest at 2.20% (2014: 2.20%) per annum above US$ LIBOR of 0.23% to 0.33% (2014: 0.23%). The loan is repayable over 20 equal quarterly instalments of US$603,303 commencing 3 months from 21 May 2014 and a final instalment of US$4,826,420. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the holding company and a subsidiary.	13,876	16,289	–	–
(al)	Term loan with principal of US$3,500,000 bears interest at 2.20% (2014: 2.20%) per annum above US$ LIBOR of 0.20% to 0.33% (2014: 0.20% to 0.23%). The loan is repayable over 20 equal quarterly instalments of US$125,000 commencing 3 months from 20 June 2014 and a final instalment of US$1,000,000. The term loan is secured by way of second preferred mortgage over the vessel, second priority assignment of charter income and charter contracts, second priority assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantees from the holding company and a subsidiary.	2,875	3,500	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

19. BANK TERM LOANS (CONT'D)

		Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
	Secured				
(am)	Term loan with principal of US$16,095,207 bears interest at 2.20% (2014: 2.20%) per annum above US$ LIBOR of 0.23% to 0.33% (2014: 0.23%). The loan is repayable over 20 equal quarterly instalments of US$574,829 commencing 3 months from 21 May 2014 and a final instalment of US$4,598,630. The term loan is secured by way of first preferred mortgage over the vessel, assignment of charter income and charter contracts, assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the holding company and a subsidiary.	13,221	15,521	–	–
(an)	Term loan with principal of US$4,200,000 bears interest at 2.20% (2014: 2.20%) per annum above US$ LIBOR of 0.20% to 0.33% (2014: 0.20% to 0.23%). The loan is repayable over 20 equal quarterly instalments of US$150,000 commencing 3 months from 20 June 2014 and a final instalment of US$1,200,000. The term loan is secured by way of second preferred mortgage over the vessel, second priority assignment of charter income and charter contracts, second priority assignment of vessel insurances, charge over earnings and retention accounts of the vessel and corporate guarantee from the holding company and a subsidiary.	3,450	4,200	–	–
		497,605	379,065	45,000	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

20. TAX

Major components of tax expense for the financial year ended 31 August were as follows:

	Group	
	2015	2014
	US$'000	US$'000
Current tax	3,712	1,523
Withholding tax	3,900	3,481
Deferred tax arising from origination and reversal of temporary differences	–	(8)
Under/(over) provision in respect of prior years		
– current tax	361	(1,676)
– deferred tax	–	(110)
	7,973	3,210

The reconciliation of the tax expense and the product of profit before tax multiplied by the applicable tax rate for the financial years ended 31 August were as follows:

	2015	2014
Profit before tax	207,517	30,701
Tax at statutory tax rate of 17% (2014: 17%)	35,278	5,219
Adjustments for tax effect of:		
Difference in overseas tax rate	(1,125)	117
Expenses not deductible for tax purposes	2,200	3,570
Income not taxable	(28,944)	(5,405)
Tax exempt income under Sections 13A or 13F of the Singapore Income Tax Act and rebates available	(4,241)	(4,073)
Tax rebates	(15)	(24)
Tax incentives	–	(23)
Utilisation of previously unrecognised deferred tax benefit	–	(421)
Current year deferred tax benefit not recognised	5,041	3,256
Under/(over) provision in prior years	361	(1,786)
Withholding tax	3,900	3,481
Share of tax of associates and joint ventures	(4,482)	(699)
Others	–	(2)
Tax expense	7,973	3,210

<u>Income not taxable</u>

Income not taxable relates mainly to the bargain purchase arising from the reverse acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

20. TAX (CONT'D)

Movements in deferred tax liabilities were as follows:

	Group 2015 US$'000	Group 2014 US$'000
At beginning of the financial year	12	130
Charged to profit or loss	–	(118)
Translation difference	(1)	*
At end of the financial year	11	12

* *Less than US$1,000*

Deferred tax liabilities relate to the excess of capital allowances over depreciation.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US$30,461,000 (2014: US$19,184,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

21. SHARE CAPITAL

	Group		Company	
	No. of shares	US$'000	No. of shares	US$'000
As at 1 September 2013, 31 August 2014 and 1 September 2014	110,954,502	13,248	110,954,502	94,578
Capital injection by parent	–	92,000	–	–
Issuance of ordinary shares pursuant to reverse acquisition	280,133,252	86,534[2]	280,133,252	218,476[1]
Share placement	48,585,000	46,045	48,585,000	46,045
Expenses on issue of ordinary shares	–	(1,888)	–	(1,888)
As at 31 August 2015	439,672,754	235,939	439,672,754	357,211

The holders of the ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

21. SHARE CAPITAL (CONT'D)

[1] This represents the purchase consideration for the Company's acquisition of the Acquiring Group which was satisfied by the allotment and issuance of 280,133,252 ordinary shares at a price of Norwegian Kroner 5.09 (equivalent to US$0.78) per share in the capital of the Company on 3 October 2014.

[2] This represents the fair value of the consideration transferred in relation to the Business Combination. As the Acquiring Group is privately held, the quoted market price of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the shares in the Acquiring Group. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition, being 110,952,502 shares at the market price of Norwegian Kroner 5.09 (equivalent to US$0.78) per share at the date of acquisition.

22. RESERVES

(a) Capital reserve

Capital reserve arises from the acquisition of non-controlling interests.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of AFS financial assets until they are disposed of or impaired.

(c) Hedging reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Net change in the reserve arose from net gain on fair value changes on derivative financial instruments.

(d) Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency.

23. TREASURY SHARES

	Group and Company	
	2015	2014
	US$'000	US$'000
At beginning of the financial year	–	–
Purchase of treasury shares	(718)	–
At end of the financial year	(718)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

23. TREASURY SHARES (CONT'D)

The Group acquired 1,240,430 shares through the Oslo Bors 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.

Employee Share Plan

The Company has not transferred any treasury shares (2014: Nil) as share awards during the financial year.

As at 31 August 2015, the Company has 1,290,430 (2014: Nil) shares held as treasury shares.

24. REVENUE

	Group	
	2015	**2014**
	US$'000	**US$'000**
Chartering revenue	222,062	244,837
Ship management fees	7,972	22,902
Trading sales	14,929	17,296
Project management revenue	2,208	–
	247,171	285,035

25. OTHER INCOME, NET

	Group	
	2015	**2014**
	US$'000	**US$'000**
Gain on disposal of available-for-sale investment	–	15,481
Gain/(loss) on disposal of property, plant and equipment	33,954	(224)
Realised gain/(loss) on derivative instruments, net	92	(143)
Exchange gain/(loss), net	5,520	(1,521)
Insurance claims	3,406	537
Impairment of property, plant and equipment	–	(607)
Bargain purchase arising from the reverse acquisition (Note 6)	154,686	–
Bargain purchase arising from step-acquisition of joint venture (Note 6)	1,290	–
Remeasurement loss arising from step-acquisition of joint venture (Note 6)	(6,030)	–
Impairment of goodwill	(311)	–
Bad debts recovered	343	662
	192,950	14,185

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

26. PROFIT BEFORE TAX

This is determined after charging the following:

	Group	
	2015	2014
	US$'000	US$'000
Audit fees paid to:		
– Auditors of the Company	187	205
– Other auditors	47	–
Non-audit fees paid to:		
– Auditors of the Company	86	75
– Other auditors	30	–
Depreciation of fixed assets	45,813	34,522
Directors' remuneration*		
– Salaries and bonuses	976	–
– Contributions to defined contribution plans	20	–
Directors' fees	193	–
Key executive officers' remuneration		
– Salaries and bonuses	1,833	876
– Contributions to defined contribution plans	22	18
Allowance for doubtful debts, net	4,607	2,854
Operating lease expenses	59,653	172,772
Write-off of insurance claims	–	2,996

* Refers to directors of the Company.

27. PERSONNEL EXPENSES

	Group	
	2015	2014
	US$'000	US$'000
Salaries and bonuses	49,366	51,751
Contributions to defined contribution plans	617	531
Other personnel expenses	6,607	8,212
	56,590	60,494

Personnel expenses include amounts shown as directors' remuneration and fees and key executive officers' remuneration in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

27. PERSONNEL EXPENSES (CONT'D)

Share options

In 2007, the shareholders approved the EOL Employee Share Option Scheme ("EOL ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to directors and key employees of the Company.

The EOL ESOS will be administered by the EOL Remuneration Committee, or such other committee comprising directors duly authorised and appointed by the Board of Directors, which will decide the provisions and terms and condition of each grant.

There are no share option schemes for other corporations in the Group.

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company were granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

Employee Share Plan

The Company implemented the Employee Share Plan (the "Plan") with the approval of shareholders at the Extraordinary General Meeting held on 22 August 2014. The Plan shall continue to be in force up to a maximum of ten years from 22 August 2014. This Plan gives the flexibility to either allot and issue new shares or purchase and deliver existing treasury shares upon the vesting of awards.

Participants will receive fully paid shares free of charge, upon the Participant satisfying the criteria set out in the Plan. The vesting period for the shares granted is three years. The number of shares to be allocated to each participant will be determined at the end of the performance period based on the level of attainment of the performance targets and the prevailing market price of the Company's share at grant date.

The Remuneration Committee is responsible for administering the share option and employee share plan.

As at date of this report, no shares have been granted under the Plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

28. FINANCIAL INCOME

	Group	
	2015 US$'000	2014 US$'000
Interest income from:		
– Associate	1,735	–
– Amortisation of interest income	629	–
– Banks	287	229
	2,651	229

29. FINANCIAL EXPENSES

	Group	
	2015 US$'000	2014 US$'000
Interest expense		
– Bank overdrafts	61	1
– Bank loans	12,723	8,708
– Money market line	3,159	737
– Finance leases	640	3
	16,583	9,449
Included in cost of vessels under construction*		
– Fixed assets	(363)	–
	16,220	9,449

* The capitalisation rate used to determine the amount eligible for capitalisation varied from 2.53% to 2.63% (2014: Nil%) representing the borrowing costs to finance the vessels under construction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

30. EARNINGS PER SHARE

Earnings per ordinary share ("EPS") is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The calculation of the basic and fully diluted earnings per share of the Group is based on the following:

	Group	
	2015 US$'000	2014 US$'000
Net profit attributable to owners of the Company	199,544	27,491
Number of weighted average ordinary shares ('000)		
– Basic and diluted earnings per share	425,241	280,133
EPS (US cents)		
– Basic and diluted	0.47	0.10

The weighted average number of shares takes into account the reverse acquisition due to the business combination during the financial year.

The prior year weighted average number of shares had taken into account the reverse acquisition due to the business combination during the financial year.

31. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company entered into transactions with related parties on terms agreed between the parties during the financial year as shown below:

	Group	
	2015 US$'000	2014 US$'000
Income		
Revenue from related parties	47,746	19,532
Revenue from associates	2,614	–
Revenue from joint ventures	809	–
Management fee income from a related party	–	339
Interest income from an associate	1,735	–
Expenses		
Cost of sales charged by related parties	(971)	(6,809)
Interest expenses charged by the holding company	(582)	–
Management fees charged by the holding company	(4,115)	(2,578)
Management fees charged by a related party	(636)	(567)

Directors' remuneration and fees and key executive officers' remuneration have been disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

32. CORPORATE GUARANTEES

As at 31 August, the Company had issued corporate guarantees to banks for granting banking facilities to certain subsidiaries, associates and joint ventures.

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000 (Restated)
Corporate guarantees given for the borrowings of:				
– Holding company	–	36,000	–	–
– Subsidiaries	–	–	117,404	166,822
– Associates	31,569	–	31,569	46,854
– Joint ventures	104,439	–	104,439	134,064
Corporate guarantees given for suppliers of an associate for payment performance	–	–	–	68
Total	136,008	36,000	253,412	347,808

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs.

The maximum amount of the financial guarantee contracts are allocated to the earliest period which is within one year, in which the guarantee could be called.

Financial support

The Company has given undertaking to provide financial support to certain subsidiaries to enable these subsidiaries to operate as going concern and to meet their obligations for at least twelve months from the dates of the directors' report of the respective subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

33. COMMITMENTS

(a) Capital expenditure commitments

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

	Group	
	2015 US$'000	2014 US$'000
Purchase of vessel equipment	17,454	–
Vessel purchase/newbuilds	71,578	33,400
	89,032	33,400

(b) Lease commitments – Group as lessee

The Group had various operating lease agreements for bareboat charter of vessels, leasing of land, rental of machineries, office premises and shipyard workers' accommodation. The Group has no non-cancellable lease commitments, whereby the lease period is currently not determinable as the related vessels are still under construction. These leases contain certain price adjustment clauses. The lease arrangements do not contain any escalation clauses, do not provide for contingent rents and do not contain restrictions on the Group's activities concerning dividends, additional debts and further leasing. These leases have terms of renewal and purchase options during or at the end of the respective lease terms. Future minimum lease payments payable under non-cancellable operating leases were as follow as of 31 August:

	Group	
	2015 US$'000	2014 US$'000
Not later than one year	76,090	45,134
Later than one year but not later than five years	250,065	82,881
Later than five years	157,103	58,394
	483,258	186,409

These leases have remaining lease terms of between 0 to 28 (2014: 0 to 9) years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks including interest rate risk, credit risk, liquidity risk, foreign currency risk and equity price risk. The Group's principal financial instruments, other than derivative financial instruments and investment securities, comprise bills payable, notes payable, bank term loans, lease obligations and cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group uses derivative financial instruments such as forward currency contracts to hedge underlying risk exposures and the transactions are not entered into for speculative purposes.

The Group's overall risk policy is to minimise potential adverse effects on the Group's financial performance.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The management reviews and agrees policies for managing these risks and they are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate exposure relates primarily to its floating rate debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. In negotiation for favourable pricing of these contracts, the Group may sell interest rate floor contracts to the counter party.

Additional information relating to the Group's interest rate exposure is also disclosed in the notes relating to its borrowings, long term receivables from a subsidiary and associates and fixed deposits. The other financial instruments of the Group and the Company are not subject to interest rate risks.

The Group purchases interest rate swap and cap contract to hedge the interest rate risk exposure arising from its variable rate bank loan. The table below sets out the information relating to the interest rate swap and interest rate cap contracts of the Group as at 31 August:

	Group 2015	
	US$'000 Notional amounts	**US$'000 Carrying amounts**
Interest rate swap contract	11,000	100
Interest rate cap contract	18,000	304
	29,000	404

The interest rate swap contract requires interest payments at fixed rate of 1.50% per annum for periods up until 8 June 2018. The interest rate cap contract caps interest at 2.5% per annum until 8 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Sensitivity analysis of interest rate risk

It is estimated that a one percentage point increase/decrease in interest rate with all other variables held constant would decrease/increase the Group's profit before tax by approximately US$6,109,000 (2014: US$4,206,000). In computing the effect of changes in interest rates, the effect of interest rate cap and swap has been considered. The analysis is performed on the same basis for 2014.

Credit risk

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

The carrying amounts of long term receivables, trade receivables, other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

The Group has established credit limits for creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

Fixed deposits and cash and bank balances are placed with reputable financial institutions. Management believes that the financial institutions that hold the Group's assets are financially sound and accordingly, minimal credit risk exists with respect to these assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2015		2014	
	US$'000	% of total	US$'000	% of total
By country:				
Singapore	6,496	16	8,006	13
Southeast Asia (excludes Singapore)	13,020	33	17,563	28
India	6,332	16	8,961	14
Brazil	271	1	8,141	13
Africa	4,092	10	7,061	11
Australia	625	2	6,993	11
Americas	8,726	22	6,055	10
Other countries	200	*	–	–
	39,762	100	62,780	100
By industry sectors:				
Marine Services	39,667	100	62,780	100
Production Services	95	*	–	–
	39,762	100	62,780	100

* *Less than 1%*

As at 31 August 2015, the Group had 10 (2014: 10) major customers that accounted for approximately 72% (2014: 71%) of the Group's gross trade receivables.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

Financial assets that are past due but not impaired

Included in the Group's trade receivables of more than 365 days is a balance amounting to US$950,000 (2014: US$9,838,000).

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's funding is obtained from funds generated from operations, issuance of bonds and notes, bills payable, bank term loans and finance leases.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not expected to be significant.

	Group		
	One year or less US$'000	One to five years US$'000	Total US$'000
Year ended 31 August 2015			
Financial liabilities:			
Trade payables	12,789	–	12,789
Other payables and accruals	141,832	165,720	307,552
Bills payable to banks	124,230	–	124,230
Lease obligations	2,199	10,633	12,832
Bank term loans	96,526	433,234	529,760
Derivative financial instruments – Interest rate cap and swap	–	197	197
Total undiscounted financial liabilities	377,576	609,784	987,360

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

	Group			
	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Year ended 31 August 2014				
Financial liabilities:				
Trade payables	17,207	–	–	17,207
Other payables	201,205	–	–	201,205
Bills payable	42,668	–	–	42,668
Lease obligations	18	59	–	77
Bank term loans	75,996	313,840	19,025	408,861
Total undiscounted financial liabilities	337,094	313,899	19,025	670,018

	Company		
	One year or less US$'000	One to five years US$'000	Total US$'000
Year ended 31 August 2015			
Financial liabilities:			
Other payables	152,780	133,750	286,530
Bills payable	42,979	–	42,979
Bank term loans	1,433	47,482	48,915
Total undiscounted financial liabilities	197,192	181,232	378,424
Year ended 31 August 2014			
Financial liabilities:			
Other payables	184,216	37,800	222,016
Total undiscounted financial liabilities	184,216	37,800	222,016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies, arising from operating activities and borrowings and interest expenses. It is the Group's policy to hedge these risks through foreign currency forward exchange contracts, if material. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency liabilities created in the normal course of business.

In addition, the Group uses foreign currency forward exchange contracts to minimise the currency exposures on payments of major capital commitments. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

As at 31 August, the Group has significant foreign currency exposure in Singapore Dollars ("SGD"), Euro ("EUR"), Norwegian Kroner ("NOK"), Malaysian Ringgit ("MYR"), Thailand Baht ("THB"), Brunei Dollars ("BND") and Indian Rupees ("INR") in its cash and bank balances, trade and other receivables, trade and other payables, bank loans and bills payable as disclosed in the respective notes.

Sensitivity analysis for foreign currency risk

A 10% strengthening of foreign currencies against US$ at the reporting date with all other variables held constant would have increased/(decreased) profit before tax by the amounts as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	2015 Profit before tax US$'000	**2014 Profit before tax US$'000**
Group		
Foreign currencies against US$		
– SGD	(2,223)	(1,279)
– EUR	(54)	(101)
– NOK	(5)	(14)
– MYR	130	415
– THB	(43)	(42)
– BND	53	237
– INR	284	(77)

A 10% weakening of foreign currencies against US$ will have approximately equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Derivative financial instruments and hedging activities (cont'd)

Equity price risk

The Group is exposed to equity risk arising from equity investment classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details on these equity investments can be found in Note 12 to the financial statements.

Sensitivity analysis for equity price risk

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity investments, if the equity price had been 10% higher/lower, the Group's net profit for the year would have been unaffected and other comprehensive income would have increased/decreased by US$999,000 (2014: US$Nil), holding other variables constant.

The Group was not exposed to equity price risk in the prior year.

35. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value or for financial instruments not carried at fair value but for which fair value is disclosed by level of fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) *Fair value of financial instruments that are carried at fair value (cont'd)*

	Group			
	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Year ended 31 August 2015				
Financial asset:				
Available-for-sale investment	9,989	–	–	9,989
Financial liabilities:				
Derivative financial instruments	–	404	–	404

	Company			
	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Year ended 31 August 2015				
Financial asset:				
Available-for-sale investment	9,989	–	–	9,989
Year ended 31 August 2014				
Financial asset:				
Available-for-sale investment	63,082	–	–	63,082

There are no transfers between levels during the financial year.

Determination of fair value

Quoted equity instruments – Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivative financial instruments – The fair value of derivatives are determined using valuation techniques with market observable inputs. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

(i) Trade and other receivables, trade and other payables, balances from/(to) subsidiaries, associates and joint ventures, cash and cash equivalents and cash pledged

The carrying amounts of these balances approximate fair values due to their short-term nature.

(ii) Loans and borrowings at floating rate and lease obligations

The carrying value of the balances (except for lease obligations) approximates fair value as these balances are of variable interest rate with re-pricing features.

The carrying value of lease obligations approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	2015		2014	
	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
Financial asset:				
Long term receivables	37,591	38,213	5,200	5,644
Financial liabilities:				
Balance due to holding company	125,000	126,455	–	–
Balance due to a related party	31,970	*	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)*

	Company			
	2015		2014	
	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
Financial assets:				
Loan to a subsidiary	125,000	*	–	–
Financial liabilities:				
Balance due to holding company	125,000	126,455	–	–
Balance due to a related party	–	–	37,800	*

<u>Determination of fair value</u>

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 2.76% (2014: 2.04%) which is representative of the market rate applicable to companies with similar risk profile.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's policy is to ensure that gearing ratio does not exceed 250%. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

The Group defines net debt as loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to equity holders of the Company and reserves.

	Group	
	2015 US$'000	2014 US$'000
Loans and borrowings	618,528	420,615
Less: Cash and cash equivalents	(61,333)	(19,157)
Net debt	557,195	401,458
Equity attributable to owners of the Company	534,488	314,583
Net gearing ratio (%)	104	128

37. 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 Business Combinations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

37. SEGMENT INFORMATION (CONT'D)

	Marine US$'000	Production US$'000	Corporate US$'000	Total US$'000
Financial year ended 31 August 2015				
Revenue	244,604	2,567	–	247,171
Profit from operations	53,930	899	(9,743)	45,086
Share of results of associates	4,402	7,214	–	11,616
Share of results of joint ventures	–	17,066	(2,315)	14,751
Financial income	1,056	1,592	3	2,651
Financial expenses	(12,177)	(1,978)	(2,065)	(16,220)
Unallocated other operating income, net				149,633
Tax				(7,973)
Net profit for the financial year				199,544
Assets				
Segment assets	1,157,062	264,689	68,706	1,490,457
Liabilities				
Segment liabilities	625,328	115,281	215,360	955,969
Other information				
Capital expenditure[1]	87,268	–	–	87,268
Depreciation	45,809	4	–	45,813
Investment in associates	33,222	77,162	–	110,384
Investment in joint ventures	–	152,749	28,873	181,622

[1] Capital expenditure consists of additions to property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

37. SEGMENT INFORMATION (CONT'D)

	Marine US$'000	Production US$'000	Total US$'000
Financial year ended 31 August 2014			
Revenue	285,035	–	285,035
Profit from operations	36,050	–	36,050
Share of results of associates	4,111	–	4,111
Financial income	229	–	229
Financial expenses	(9,449)	–	(9,449)
Impairment loss on property, plant and equipment	(240)	–	(240)
Tax			(3,210)
Net profit for the financial year			27,491
Assets			
Segment assets	966,131	–	966,131
Liabilities			
Segment liabilities	651,548	–	651,548
Other information			
Capital expenditure[1]	84,285	–	84,285
Depreciation	34,522	–	34,522
Investment in associates	29,255	–	29,255

[1] Capital expenditure consists of additions to property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

37. SEGMENT INFORMATION (CONT'D)

Geographical information

	Group	
Revenue[1]	**2015 US$'000**	**2014 US$'000**
Singapore	9,443	23,074
Southeast Asia	147,914	152,307
Africa	44,803	24,835
Brazil	20,396	17,586
India	16,707	27,434
Australia	3,795	27,917
Others	4,113	11,882
Total	247,171	285,035

Note:

[1] Revenue is based on the location of customers.

Information on major customers

	Group	
	2015 US$'000	**2014 US$'000**
Marine division:		
Customer 1	28,032	34,306
Customer 2	25,722	29,352
Customer 3	22,874	19,100
Production division	1,018	–

	Group	
Non-current assets	**2015 US$'000**	**2014 US$'000**
Singapore	806,403	395,886
Malaysia	153,305	140,350
India	59,703	62,934
Other countries	28,482	318
Total	1,047,893	599,488

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

38. DIVIDENDS

On 7 August 2014, the directors declared a conditional interim dividend of Norwegian Kroner ("NOK") 1.12 per share, conditional upon the fulfilment or waiver of the conditions precedent for completion of the Business Combination Agreement. On 29 September 2014, the Company announced that the condition for payment of the dividend has been fulfilled. The conditional dividend of US$19,331,000 was paid on 9 October 2014.

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

39. COMPARATIVE INFORMATION

Change in classification

The Company conducted a review of the shareholding arrangements of the associates and joint ventures during the financial year and reclassified a balance of US$162,605,000 from “investment in associates” to “investment in joint ventures” and a balance of US$11,292,000 from “balances due from associates” to “balances due from joint ventures” on the statement of financial position of the Company.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 August 2015 were authorised for issue in accordance with a resolution of the directors on 12 November 2015.

STATISTICS OF SHAREHOLDINGS

TWENTY LARGEST SHAREHOLDERS AS OF 1 NOVEMBER 2015

Name	Holding	Percentage	Citizenship
EZRA HOLDINGS LIMITED	330,844,316	75.25	SGP
CLEARSTREAM BANKING	82,779,068	18.83	LUX
FRED.OLSEN PRODUCTIO	5,455,000	1.24	SGP
HYGROVE INVESTMENTS ROOM 3201, 32 ND FLO	4,208,000	0.96	VGB
MERRILL LYNCH PROF. MLPRO SEG FOR EXCLSV	2,975,085	0.68	USA
J.P. MORGAN CHASE BA NORDEA RE:NON-TREATY	409,000	0.09	GBR
GRANADA MANAGEMENT A	400,000	0.09	NOR
NORDNET LIVSFORSIKRI	372,384	0.08	NOR
LANDRO KENNETH	350,000	0.08	NOR
ERIKSTAD OLAV AAGE	285,777	0.06	NOR
JOHANSEN TERJE REINHOLT	285,195	0.06	NOR
MAGNUS DEN GODE AS	282,108	0.06	NOR
LID OLAV TARJEI HIORTH	270,000	0.06	NOR
ØVRETVEIT ODD TORE	260,048	0.06	NOR
ÅKRE OTTAR	258,368	0.06	NOR
EUROCLEAR BANK S.A./ 25% CLIENTS	250,000	0.06	BEL
DEUTSCHE BANK AG CLIENTS ACCOUNT-DCS	248,250	0.06	DEU
ØVRETVEIT ODD TORE	226,800	0.05	NOR
ØVRUM HANS FJÆRE	225,000	0.05	NOR
UBS SWITZERLAND AG A/C OMNIBUS-DISCLOSE	216,684	0.05	CHE
	430,601,083	97.93	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of EMAS Offshore Limited (the "Company") will be held at Klapsons, The Boutique Hotel – eighteen.2 & 3 at Level 18, 15 Hoe Chiang Road, Tower Fifteen, Singapore 089316 on Wednesday, 16 December 2015 at 10 a.m. (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 August 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Dr. Wang Kai Yuen#, who will retire by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as a Director of the Company. **(Resolution 2)**

   # *Dr. Wang Kai Yuen will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and will be considered independent.*

3. To re-appoint the following Directors, who will retire under Section 153(6) of the Singapore Companies Act, Chapter 50 (the "Companies Act"), to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

   (a) Mr. Cuthbert Ignatious Jeyaretnam Charles^ **(Resolution 3)**
   (b) Mr. Lee Kian Soo **(Resolution 4)**
   (c) Mr. Dale Bruce Alberda@ **(Resolution 5)**

   ^ *Mr. Cuthbert Ignatious Jeyaretnam Charles will, upon re-appointment as Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent.*

   @ *Mr. Dale Bruce Alberda will, upon re-appointment as Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent.*

4. To approve the payment of Directors' fees of up to US$127,000 for the financial year ending 31 August 2016. **(Resolution 6)**

5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares

That authority be and is hereby given to the Directors of the Company to:

(a) subject to paragraph (b) of this Ordinary Resolution:

(i) issue ordinary shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares and (notwithstanding that the authority conferred in sub-paragraph (a)(ii) of this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit;

(b) provided that:

(i) the aggregate number of Shares to be issued to new shareholders pursuant to this Ordinary Resolution does not exceed twenty per cent. (20%) of the issued share capital of the Company (as calculated in accordance with subparagraph (iii) below);

(ii) the aggregate number of Shares to be issued on a *pro rata* basis to existing shareholders of the Company does not exceed fifty per cent. (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (iii) below);

(iii) the percentage of outstanding share capital shall be based on the outstanding share capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(1) new Shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

(2) any subsequent consolidation or subdivision of Shares;

(iv) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the regulations of Oslo Børs ASA (the "OSE") or any other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary, as well as the Articles of Association for the time being of the Company;

(v) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the annual general meeting commencing next after the date on which the approval is given, or the expiry of the period when the next annual general meeting is required by law to be held; and

(c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above.

[See Explanatory Note (i)] **(Resolution 8)**

8. Proposed Renewal of Share Buyback Mandate

That:

(a) for the purposes of the Singapore Companies Act, Chapter 50 (the "Companies Act"), the Directors be authorised and empowered to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING

(i) on-market purchases ("**Market Purchases**", and each, a "**Market Purchase**"), transacted on the OSE through the OSE's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose, conducted in a manner complying with the provisions in the Norwegian Securities Trading Act, including but not limited to the prohibition on market manipulation and the duty of equal treatment of shareholders; and/or

(ii) off-market purchases ("**Off-Market Purchases**", and each, an "**Off-Market Purchase**") (if effected otherwise than on the OSE) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the regulations of the OSE and the Norwegian Securities Trading Act or, as may be necessary, any other stock exchange on which the Shares are quoted or listed,

(the "**Share Buyback Mandate**").

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held;

(ii) the date on which the share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : Not more than 10% discount from the Average Closing Price;

(ii) in the case of an Off-Market Purchase : Not more than 10% discount from the Highest Last Dealt Price, where

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

NOTICE OF ANNUAL GENERAL MEETING

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Yeo Keng Nien
Company Secretary

Singapore, 30 November 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

(i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or when revoked or varied by the Company in general meeting, to issue Shares in the Company. The number of Shares that may be issued under this resolution on a *pro rata* basis to existing shareholders of the Company would not exceed fifty per cent. (50%) of the issued share capital of the Company at the time of the passing of this resolution. For the issue of Shares to new shareholders, the aggregate number of Shares to be issued shall not exceed twenty per cent. (20%) of the issued share capital of the Company at the time of the passing of this resolution.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or when revoked or varied by the Company in general meeting, or when share buybacks are carried out to the full extent mandated, to purchase its issued Shares.

The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, inter alia, the aggregate number of Shares purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

EMAS Offshore Limited is a public limited company subject to the rules of the Singapore Companies Act (Chapter 50). As of the date of this Notice, the Company has issued 439,672,754 Shares, each of which represents one vote. The Shares have equal rights also in all other respects. A Shareholder has the right to attend the Annual General Meeting either in person or through a proxy. A proxy need not be a Shareholder of the Company. Each Shareholder has the right to vote for the number of shares held by such member. Please refer to the notes below for the procedure to attend and vote at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. No Shareholder shall be entitled to attend and vote in person or by proxy unless Section 1 or Section 2 of the Attendance/Proxy Form, whichever is applicable, is completed, together with the power of attorney or other authority (if any) under which it is signed, or a notarially-certified copy of that power of attorney, is sent to the Depository Register by not less than 48 hours before the time for holding the Annual General Meeting (the "Meeting").

2. A Shareholder entitled to attend and vote at the Meeting and who wishes to:

   (a) be present in person to vote; or
   (b) appoint a proxy or proxies to be present in person to vote in his stead; or
   (c) appoint the Chairman of Meeting to vote in his stead,

   at the Meeting should note the following:

Holders of Shares registered on the Oslo Børs	**Holders of Shares registered on the Singapore Exchange Securities Trading Limited**
The Attendance/Proxy Form must be sent to DNB Bank ASA in either 1 of the 3 methods mentioned below not less than 48 hours before the time appointed for holding the Annual General Meeting, to obtain a Power of Attorney in connection with voting at the Meeting: <u>Method 1</u> P.O. Box address (if mailing): DNB Bank ASA Registrars Dept./ Mr. Stig Tore Stroem P.O. Box 1600, Sentrum, 0021 Oslo Norway <u>Method 2</u> Street address (if by courier): DNB Bank ASA Registrars Dept./ Mr. Stig Tore Stroem Dronning Eufemias gate 30 0191 Oslo Norway <u>Method 3</u> If by e.mail (to DNB Bank ASA): E.mail: vote@dnb.no	The Attendance/Proxy Form must be deposited at the office of Boardroom Corporate & Advisory Services Pte Ltd located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Annual General Meeting.

3. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company.

4. A corporation which is a Shareholder may, by resolution of its directors, authorise any person to act as its representative at any meetings of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual Shareholder.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ATTENDANCE/PROXY FORM

Section 1: Please complete this section if you are attending the Meeting in person

I/We, ______________________________ (Name) ______________________________ (NRIC/Passport no.) of ______________________________ (Address)

being (a) holder(s) of ________ Ordinary Shares of EMAS Offshore Limited (the "Company"), hereby give such notice to DNB Bank ASA for me/us to attend the Annual General Meeting (the "Meeting") to be held at the following venue: Klapsons, The Boutique Hotel – eighteen.2 & 3 at Level 18, 15 Hoe Chiang Road, Tower Fifteen, Singapore 089316 on Wednesday, 16 December 2015 at 10 a.m. (Singapore time) and at any adjournment thereof.

Section 2: Please complete this section if you are appointing proxy/proxies to attend or the Chairman of meeting to vote on your behalf

I/We, ______________________________ (Name) ______________________________ (NRIC/Passport no.) of ______________________________ (Address)

being (a) holder(s) of ________ Ordinary Shares of EMAS Offshore Limited (the "Company"), hereby authorise DNB Bank ASA to constitute and appoint the following to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") to be held at the following venue: Klapsons, The Boutique Hotel – eighteen.2 & 3 at Level 18, 15 Hoe Chiang Road, Tower Fifteen, Singapore 089316 on Wednesday, 16 December 2015 at 10 a.m. (Singapore time) and at any adjournment thereof, on all matters coming before the Meeting:
(please select one of the following with a tick [✓] within the box provided.)

☐ I/We wish to appoint the following to attend the Meeting in person:

Name	NRIC/ Passport Number	Address	No of Shares

and/or (delete as appropriate)

Name	NRIC/ Passport Number	Address	No of Shares

☐ I/We appoint the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf.

I/We direct my/our proxy/proxies to vote for or against or abstain from the Resolutions proposed at the Meeting as indicated below. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 August 2015			
2.	Re-election of Dr. Wang Kai Yuen as a Director of the Company			
3.	Re-appointment of Mr. Cuthbert Ignatious Jeyaretnam Charles as a Director of the Company			
4.	Re-appointment of Mr. Lee Kian Soo as a Director of the Company			
5.	Re-appointment of Mr. Dale Bruce Alberda as a Director of the Company			
6.	Approval of Directors' fees for the financial year ending 31 August 2016			
7.	Re-appointment of Ernst & Young LLP, Singapore as the Company's Auditors and to authorise the Directors to fix their remuneration			
8.	Authority to allot and issue new Shares			
9.	Proposed renewal of the Share Buyback Mandate			

Compulsory for all holders of the Shares to sign and complete the date

Signature(s) ______________________________ Date: ______________

Note: Please sign exactly as name appears above. Joint owners should each sign. When signing as attorney, executor, administrator or guardian, please give full title as such.

Notes :

1. Please insert the total number of Shares held by you in either Section 1 or Section 2 of the Attendance/Proxy Form, whichever is applicable. If no number is inserted, the Attendance/Proxy Form shall be deemed to relate to all the Shares held by you.

2. No Shareholder shall be entitled to attend and vote in person or by proxy unless Section 1 or Section 2 of the Attendance/Proxy Form, whichever is applicable, is completed, together with the power of attorney or other authority (if any) under which it is signed, or a notarially-certified copy of that power of attorney, is sent to the Depository Register by not less than 48 hours before the time for holding the Annual General Meeting (the "Meeting").

3. A Shareholder entitled to attend and vote at the Meeting and who wishes to:

   (a) be present in person to vote; or
   (b) appoint a proxy or proxies to be present in person to vote in his stead; or
   (c) appoint the Chairman of Meeting to vote in his stead,

   at the Meeting should note the following:

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The Attendance/Proxy Form must be sent to DNB Bank ASA in either 1 of the 3 methods mentioned below not less than 48 hours before the time appointed for holding the Annual General Meeting, to obtain a Power of Attorney in connection with voting at the Meeting: Method 1 P.O. Box address (if mailing): DNB Bank ASA Registrars Dept./ Mr. Stig Tore Stroem P.O. Box 1600, Sentrum, 0021 Oslo Norway Method 2 Street address (if by courier): DNB Bank ASA Registrars Dept./ Mr. Stig Tore Stroem Dronning Eufemias gate 30 0191 Oslo Norway Method 3 If by e.mail (to DNB Bank ASA): E.mail: vote@dnb.no	The Attendance/Proxy Form must be deposited at the office of Boardroom Corporate & Advisory Services Pte Ltd located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Annual General Meeting.

4. If a Shareholder nominates two proxies, then the Shareholder shall specify the number of his Shares to be represented by each such proxy, failing which the first named proxy shall be treated as representing one hundred per cent. (100%) of the shareholding and any second named proxy as an alternate to the first named.

5. The Attendance/Proxy Form appointing a proxy or proxies, in the case of an individual, shall be signed by the appointor or of his attorney and in the case of a corporation, shall be either given under common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

6. Any corporation which is a Shareholder may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meetings of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Shareholder.

7. General: The Company shall be entitled to reject the Attendance/Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company shall be entitled to reject an instrument of proxy lodged by any Depositor whose name does not appear in the Depository Register as at forty-eight (48) hours before the appointed time of the Meeting.

KEEPING FOCUS
STAYING RESILIENT

EMAS OFFSHORE LIMITED
ANNUAL REPORT 2015

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