

EMAS Offshore Limited

1st Quarter FY2015

Unaudited Consolidated Financial Information

Together We Deliver

1. Introduction

EMAS Offshore Limited ("EOL", "the Company" or "the Group"), formerly known as EOC Limited, was incorporated in February 2007, and is an established offshore oil and gas services provider which offers offshore support, accommodation and offshore production services to customers in the offshore oil and gas industry throughout the oilfield lifecycle, spanning exploration, development, production and decommissioning stages. It was spun off from Ezra Holdings Limited ("Ezra" or "Ezra Group"), a leading global offshore contractor and provider of integrated offshore solutions to the oil and gas ("O&G") industry, and listed on the Oslo Børs in 2007.

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

On 3 October 2014, the Company completed its business combination with Ezra's Offshore Support Services division and acquired 44 offshore vessels (comprising 24 anchor handling, towing and supply vessels, seven anchor handling tugboats and 10 platform supply vessels, one offshore accommodation vessel and two barges) ("Business Combination").

The Company was subsequently secondary-listed on the SGX-ST on 8 October 2014 and became a dual-listed company in both Norway and Singapore.

2. Company Profile

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

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

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

3. Strategy

Going forward, the Group's strategies are as follows:

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

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

Asset optimisation – review and optimise our fleet in terms of size and composition so that our fleet remains relevant to market drivers and retain operational flexibility. The Group will constantly identify trends in demand and supply dynamics to optimise and renew our fleet through newbuilds, acquisitions and disposals.

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

4. Outlook

There has been significant volatility and recent weakness in the oil price environment that has caused global concerns on the prospects of both the Oil and Gas and Oilfield Services operators. A prolonged decline and/or weakness in the global macroeconomic environment could result in reduced activity in the exploration, development and production of oil and natural gas. The Group is thus closely monitoring the business environment as well as taking steps to mitigate any possible slow-down or deterioration in its business prospects. This includes cost-optimisation and implementing initiatives to improve operational efficiency and an increased focus on vessel utilisation.

Notwithstanding the above, the underlying fundamentals of the oil and gas industry will continue to support offshore development and production activity. As such, the Group will carry on developing opportunities for its offshore assets and accommodation and support services that benefit from relatively more stable demand from production activity as well as from maintenance, modification and operations on developed oil and gas infrastructure.

Barring any prolonged weakness in the global economy and a sustained decline in oil price, the Group anticipates that the long-term trend for offshore activity remains intact which should drive demand for the Group's young and technologically-advanced global fleet.

4. Outlook (Cont'd)

Business Combination

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

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

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

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

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

4. Outlook (Cont'd)

Business Combination (cont'd)

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

As a consequence of applying the reverse acquisition accounting, the results for the financial period ended 30 November 2014 ("1Q FY2015") comprises the results of the OSS companies for the period then ended, and those of the pre-existing EOL entities from 3 October 2014 (the date of reverse acquisition) to 30 November 2014.

Goodwill amounting to USD142.2 million arose on the difference between the fair value of the pre-existing EOL's share capital and the fair value of its net assets at the reverse acquisition date.

The comparative figures in the consolidated financial statements are presented to reflect those of the OSS companies.

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

	3 months ended		
	30 Nov 2014[1]	30 Nov 2013[2]	% increase/ (decrease)
Revenue	72,710	79,990	(9)
Cost of sales	(58,487)	(62,384)	(6)
Gross profit	14,223	17,606	(19)
Other operating income, net	141,131	40	nm
Administrative expenses	(8,130)	(5,271)	54
Profit from operations	147,224	12,375	nm
Financial income	514	3	nm
Financial expenses	(3,118)	(2,093)	49
Share of profit of associates	4,584	1,007	355
Share of profit of joint ventures	134	-	nm
Profit before income tax	149,338	11,292	nm
Income tax	(936)	(895)	5
Profit after income tax	148,402	10,397	nm
Other comprehensive income:			
Net gain on cash flow hedges	55	-	nm
Exchange difference on translation of foreign operations	(2,098)	63	nm
Fair value changes during the financial period	(26,317)	2,491	nm
Total comprehensive income for the financial period	120,042	12,951	827
Total comprehensive income for the financial period attributable to:			
Equity holder of the Company	120,042	12,951	827
Non-controlling interests	*	-	nm
Total comprehensive income for the financial period	120,042	12,951	827
Earnings per share (US cents)	0.38	0.04	

** Less than USD1,000*

(1) Presentation includes results of the OSS entities from 1 September 2014 to 30 November 2014 and that of the pre-existing EOL entities from 3 October 2014 to 30 November 2014

(2) Presentation includes results of the OSS entities from 1 September 2013 to 30 November 2013

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

	3 months ended		% increase/ (decrease)
	30 Nov 2014[(1)]	30 Nov 2013[(2)]	
Exchange gain/(loss), net	2,082	(508)	nm
Depreciation	(10,224)	(8,368)	22
Provisional bargain purchase arising from the reverse takeover[(3)]	142,206	-	nm
Provisional bargain purchase arising from step-acquisition of joint venture[(3)]	1,290	-	nm
Remeasurement loss arising from step-acquisition of joint venture	(6,030)	-	nm

nm – Not meaningful

(1) Presentation includes results of the OSS entities from 1 September 2014 to 30 November 2014 and that of the pre-existing EOL entities from 3 October 2014 to 30 November 2014
(2) Presentation includes results of the OSS entities from 1 September 2013 to 30 November 2013
(3) The gain on bargain purchase on acquisition of subsidiaries is provisional and subject to change after the purchase price allocation exercise is completed in accordance to FRS 103 Business Combination.

6. Consolidated Statement of Financial Position (in USD thousands)

	As at 30 Nov 2014[1]	As at 31 Aug 2014[2]	% increase/ (decrease)
ASSETS			
Non-current assets			
Property, plant and equipment	745,982	570,660	31
Goodwill	311	311	-
Investment in associates	265,569	29,255	808
Investment in joint ventures	1,048	-	nm
Long term receivables	27,958	5,200	438
	1,040,868	605,426	72
Current assets			
Inventories	4,238	4,177	1
Trade receivables	53,937	57,655	(6)
Other receivables, deposits and prepayments	33,504	29,359	14
Balances due from			
- related companies	172,642	136,621	26
- associates	73,602	55,109	34
- joint ventures	6,020	17,430	(65)
Available for sale investment	29,686	-	nm
Cash and bank balances	84,402	19,157	341
	458,031	319,508	43
Asset held for sale	10,750	17,750	(39)
	468,781	337,258	39
Total assets	**1,509,649**	**942,684**	60
LIABILITIES AND EQUITY			
Non-current liabilities			
Bank loans	360,768	312,552	15
Balances due to			
- holding company	162,800	-	nm
- related company	10,280	-	nm
Deferred income	6,258	6,258	-
Lease obligations	48	54	(11)
Derivative financial instruments	352	-	nm
Deferred tax liabilities	11	12	(8)
Total non-current liabilities	540,517	318,876	70

(1) Presentation includes results of the OSS entities and that of the pre-existing EOL entities as at 30 November 2014
(2) Presentation includes results of the OSS entities as at 31 August 2014

	As at 30 Nov 2014	As at 31 Aug 2014	% increase/ (decrease)
Current liabilities			
Trade payables	15,109	17,207	(12)
Other payables and accruals	93,001	39,465	136
Balances due to			
- related companies	82,524	118,209	(30)
- associates	4,708	20,084	(77)
Bills payable to banks	161,517	41,550	289
Deferred income	327	436	(25)
Lease obligations	15	15	-
Bank loans	98,141	66,513	48
Income tax payable	6,958	5,746	21
Total current liabilities	462,300	309,225	50
Capital and reserves			
Share capital	235,940	13,248	nm
Treasury shares	(718)	-	nm
Accumulated profits	300,611	302,209	(1)
Translation reserve	(1,731)	367	nm
Hedging reserve	55	-	nm
Fair value adjustment reserve	(26,317)	-	nm
Capital reserve	(1,241)	(1,241)	-
	506,599	314,583	61
Non-controlling interests	233	-	nm
Total equity	506,832	314,583	61
Total liabilities and equity	**1,509,649**	**942,684**	60

(1) Presentation includes results of the OSS entities and that of the pre-existing EOL entities as at 30 November 2014
(2) Presentation includes results of the OSS entities as at 31 August 2014

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

(i) Statement of changes in equity for the financial period ended 30 November 2014

	Share capital	Treasury shares	Hedging Reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated profits	Total equity attributable to owners of the Parent	Non-controlling interest	Total equity
At 1 September 2014	13,248	-	-	-	(1,241)	367	302,209	314,583	-	314,583
Total comprehensive income for the financial period	-	-	55	(26,317)	-	(2,098)	148,402	120,042	*	120,042
Capital injection by parent	92,000	-	-	-	-	-	-	92,000	-	92,000
Acquisition of subsidiaries	-	-	-	-	-	-	(150,000)	(150,000)	233	(149,767)
Issuance of ordinary shares pursuant to reverse acquisition	86,535	-	-	-	-	-	-	86,535	-	86,535
Issuance of ordinary shares pursuant to share placement	46,045	-	-	-	-	-	-	46,045	-	46,045
Expenses on issue of ordinary shares	(1,888)	-	-	-	-	-	-	(1,888)	-	(1,888)
Purchase of treasury shares	-	(718)	-	-	-	-	-	(718)	-	(718)
Total transactions with owners in their capacity as owners	222,692	(718)	-	-	-	-	(150,000)	71,974	233	72,207
At 30 November 2014	235,940	(718)	55	(26,317)	(1,241)	(1,731)	300,611	506,599	233	506,832

** Less than USD1,000*

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

(ii) Statement of changes in equity for the financial period ended 30 November 2013

	Share capital	Treasury shares	Hedging Reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated profits	Total equity attributable to owners of the Parent	Non-controlling interest	Total equity
At 1 September 2013	13,248	-	-	15,491	(1,241)	(573)	278,515	305,440	-	305,440
Total comprehensive income for the financial period	-	-	-	2,491	-	63	10,397	12,951	-	12,951
At 30 November 2013	13,248	-	-	17,982	(1,241)	(510)	288,912	318,391	-	318,391

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The discussion below refers to the three months covering 1Q FY2015 and the corresponding figures are for the three months covering the financial period ended 30 November 2013 ("1Q FY2014") for the Group's consolidated financial information.

Revenue
Revenue for 1Q FY2015 amounted to USD72.7 million, a 9% decrease from the corresponding period. The decrease was mainly due to the return of a leased-in third party vessel to its owner in the second half of FY2014 and weakness in the shallow water platform support vessels ("PSV") segment.

Gross profit
Gross profit for 1Q FY2015 amounted to USD14.2 million, as compared to USD17.6 million in 1Q FY2014. The decrease was mainly due to the weakness in the shallow water PSV. This decrease is partially offset by the two months' contribution from the Production segment as a result of the reverse acquisition on 3 October 2014.

Other operating income, net
Other operating income, net for 1Q FY2015 amounted to USD141.1 million which included the bargain purchase arising from the reverse takeover and arising from the step-acquisition of a joint venture of USD142.2 million and USD1.3 million respectively. The above income is partially offset by the remeasurement loss arising from the step-acquisition of the joint venture of USD6.0 million.

Administrative expense
Administrative expenses for 1Q FY2015 was USD8.1 million, an increase of 54% or USD2.8 million from USD5.3 million in 1Q FY2014. The increase was mainly due to the consolidation of EOL's headcount and other incidental costs after the Business Combination.

Financial income
Financial income in 1Q FY2015 is recognised mainly in relation to the interest accrued on the loan extended to an associate and the amortisation of interest income on the long term receivable.

Financial expense
Financial expense refers to interest incurred on bank loans. The increase in 1Q FY2015 is mainly due to increase in loan drawdowns for the acquisition of vessels in FY2014.

Share of profit of associates
The share of profit of associates are mainly derived from Intan Offshore Sdn Bhd, Emas Victoria (L) Bhd and PV Keez Pte Ltd. The increase was mainly due to the share of contribution from *Perisai Kamelia* and *Lewek EMAS* for two months 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. Income tax remains relatively unchanged compared to the comparative period.

Consolidated Statement of Financial Position

The discussion below refers to the financial position of the Group as at 30 November 2014 and 31 August 2014.

The Group's total assets amounted to USD1,509.6 million as at 30 November 2014 and USD942.7 million as at 31 August 2014. The increase is mainly due to the consolidation of the assets of the accounting acquiree, EOL, partially offset by net debtor repayment of USD33.1 million and the revaluation loss on available for sale investment of USD26.3 million.

The Group's total liabilities amounted to USD1,002.8 million as at 30 November 2014 and USD628.1 million as at 31 August 2014. The increase is mainly due to the consolidation of the liabilities of the accounting acquiree, EOL and the recognition of the USD125.0 million due to Ezra arising from the Business Combination. The above increase is partially offset by the repayment to creditors and banks of USD147.9 million and USD18.9 million respectively.

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

	3 months ended	
	30 Nov 2014	**30 Nov 2013**
Net cash flow (used in)/from operating activities	(433)	12,020
Net cash flow from/(used in) investing activities	12,133	(4,675)
Net cash flow from/(used in) financing activities	23,545	(6,375)
Net increase in cash and cash equivalents	35,245	970
Cash and cash equivalents at the beginning of the financial period	15,729	17,501
Cash and cash equivalents at end of the financial period	50,974	18,471

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

	As at	
	30 Nov 2014	**31 Aug 2014**
Cash and bank balances	84,402	19,157
Less: Restricted cash	(33,428)	(3,428)
Cash and cash equivalents	50,974	15,729

9. Bank loans (in USD thousands)

	As at	
	30 Nov 2014	**31 Aug 2014**
Amount repayable in one period or less, or on demand		
Secured	138,526	97,313
Unsecured	121,132	10,750
	259,658	108,063
Amount repayable after one period		
Secured	360,768	312,552
Unsecured	-	-
	360,768	312,552
Total	620,426	420,615

Details of any collateral

The above bank loans are secured by way of legal mortgages on the vessels and cash deposits of the Group.

10. Share capital

	As at	
	30 Nov 2014	**31 Aug 2014**
Issued and paid up share capital		
As at 1 September	110,954,502	110,954,502
Issuance of ordinary shares pursuant to reverse acquisition	280,133,252	-
Share placement	48,585,000	-
As at 30 November/31 August	439,672,754	110,954,502

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

11. Dividends

No dividends were declared during the current financial period.

12. Segment Information

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

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

- Production Services division is mainly engaged in ship and boat leasing with operation (including chartering) and provision of ship management services.

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 comprise mainly comprise net gains arising from the Business Combination.

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

Business segments

The following table presents revenue and results information regarding the Group's business segments for the financial period ended 30 November 2014 and 30 November 2013:

	Marine		Production		Total	
	Period ended 30 Nov 2014	**Period ended 30 Nov 2013**	**Period ended 30 Nov 2014**	**Period ended 30 Nov 2013**	**Period ended 30 Nov 2014**	**Period ended 30 Nov 2013**
Revenue	72,108	79,990	602	-	72,710	79,990
Profit from operations	10,600	12,375	(842)	-	9,758	12,375
Financial income	162	3	352	-	514	3
Financial expenses	(2,783)	(2,093)	(335)	-	(3,118)	(2,093)
Share of profit of associates	1,097	1,007	3,487	-	4,584	1,007
Share of profit of joint ventures	-	-	134	-	134	-
Unallocated other operating income, net					137,466	-
Income tax					(936)	(895)
Profit for the period					148,402	10,397
Other information						
Capital expenditure	3,729	3,820	-	-	3,729	3,820
Depreciation	(10,317)	(8,368)	(7)	-	(10,324)	(8,368)

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

Business segments

	Marine		Production		Total	
	As at 30 Nov 2014	As at 31 Aug 2014	As at 30 Nov 2014	As at 31 Aug 2014	As at 30 Nov 2014	As at 31 Aug 2014
Assets						
Segment assets	1,044,156	942,684	465,493	-	1,509,649	942,684
Liabilities						
Segment liabilities	(955,244)	(628,101)	(47,573)	-	(1,002,817)	(628,101)
Other information						
Investment in associates	30,243	29,255	235,326	-	265,569	29,255
Investment in joint ventures	-	-	1,048	-	1,048	-

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

Geographical segment

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

a) Revenue – Note 1

	Period ended 30 Nov 2014	Period ended 30 Nov 2013
Southeast Asia	49,584	41,921
Africa	9,303	9,809
Brazil	5,255	5,200
Australia	-	8,923
India	3,121	8,720
Others	5,447	5,417
Total	72,710	79,990

b) Non-current assets – Note 2

	As at 30 Nov 2014	As at 31 Aug 2014
Singapore	820,838	401,824
Malaysia	139,268	140,350
India	62,128	62,934
Others	18,634	318
Total	1,040,868	605,426

Information about major customers

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

	Period ended 30 Nov 2014	Period ended 30 Nov 2013
Marine division:		
Customer 1	16,335	12,914
Customer 2	11,443	5,551
Customer 3	4,830	5,245
Production division	192	-

13. Significant Related Party Transactions (in USD thousands)

	Period ended 30 Nov 2014	Period ended 30 Nov 2013
Income		
Revenue from related parties	12,726	6,933
Revenue from associates	144	-
Interest income from an associate	290	-
Expenses		
Cost of sales charged by related parties	(6,741)	(14,185)
Interest expenses charged by a related party	(146)	-
Management fees charged by related parties	(3,472)	(1,957)
Key management personnel compensation		
- Salaries, bonus and allowance	(346)	(29)
- Defined contribution plan expense	(6)	(3)

14. Fair values of financial assets and liabilities

The management considers that the carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The management estimates that the fair value of the bank loans approximates their carrying value as the borrowings bear interest at floating rates or approximate floating rates. At the reporting date, the fair value of the long term receivable, USD5,000,000 fixed interest loan payable and USD10,280,000 non-trade payable has not significantly changed since the last reporting period. The fair value of the USD125,000,000 fixed interest loan payable is USD125,260,000.

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

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

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

The Group's long term receivable, USD125,000,000 and USD5,000,000 fixed interest loan payable and USD10,280,000 non-trade payable and derivative financial instrument is classified as Level 2. There were no transfers between the different levels of the fair value hierarchy during the financial period.

15. Operations in the interim period

The Group's operations are generally not subject to seasonal fluctuations.

16. Commitments (USD thousands)

As at end of the reporting period, the Group had the following capital commitments relating to purchase of equipment, vessel, newbuilds and amount committed for investment in associates.

	As at 30 Nov 2014	As at 31 Aug 2014
Purchase of vessel equipment	38,531	-
Vessel purchase/newbuilds	101,815	33,400
Amount committed for investment in associates	985	-
	141,331	33,400

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

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

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

Non-current assets	
Property, plant and equipment	116,248
Investment in associates	231,827
Investment in joint ventures	19,296
Long term receivables	22,645
	390,016
Current assets	
Trade receivables	6,772
Other receivables, deposits and prepayments	8,742
Balances due from	
- related companies	23
- associates	44,765
Available for sale investment	56,003
Cash and bank balances	70,167
	186,472

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

Non-current liabilities	
Bank loans	46,953
Balances due to related company	48,080
Derivative financial instruments	407
	95,440
Current liabilities	
Trade payables	5,983
Other payables and accruals	71,241
Balances due to related companies	44,367
Bills payable to banks	121,872
Bank loans	18,375
Income tax payable	1,347
	263,185
Net assets and liabilities	217,863
Less: Net assets and liabilities attributable to non-controlling interest	(233)
Net assets acquired and liabilities assumed	217,630
Less: Provisional bargain purchase from acquisition of pre-existing EOL entities	(142,206)
Total consideration	75,424

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

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

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

Net cash outflow on reverse acquisition

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

Impact of acquisition on the results of the Group

Included in the profit for the financial period is USD3.1 million attributable to the additional business generated by pre-existing EOL entities. Revenue for the period from pre-existing EOL entities amounted to USD7.5 million.

Had the Business Combination been effected on 1 September 2014, the revenue of the Group from continuing operations would have increased by USD3.8 million, and the profit for the period would have decreased by USD1.4 million.

18. Selected Notes to the Accounts

(i) Basis of preparation

The interim financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements are also in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information should be read in conjunction with the Group's FY2014 annual financial statements, which include a full description of the Group's accounting policies.

The consolidated financial information has not been audited or reviewed.

(ii) Adoption of New And Revised Standards

The Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning of the Relevant Periods. The adoption of these new/revised FRSs, INT FRSs and amendments to FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

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

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

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

a) <u>Critical judgements in applying the Group's accounting policies</u>

The following are critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Accounting for sale and leaseback arrangements

At the inception of the sale and leaseback arrangements, the Group has evaluated the substance of the transactions in accordance with the requirements of FRS 17 *Leases*, and concluded that the sale and the leasebacks should be accounted for as operating leases.

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

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

b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next six months and the next financial period, are discussed below.

Allowance for trade and other receivables

The allowance policy for doubtful debts of the Group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assigning the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customer of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Residual values and estimated useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives reflect management's estimate of the periods over which the Group intends to derive future economic benefits from the use of vessels. Changes in business plans and strategies, expected level of usage and future technological developments could affect the economic useful lives and the residual values of these assets, so future depreciation charges could be revised.

Impairment of property, plant and equipment

The Group assesses annually whether its property, plant and equipment exhibit any indication of impairment. In instances where there are indicators of impairment, the recoverable amounts of property, plant and equipment have been determined based on market valuations obtained from professional valuers or value-in-use calculations.

Impairment in investment in subsidiaries, associates or joint ventures

The Group assesses annually whether its investments in subsidiaries, associates and joint ventures exhibit any indication of impairment. In instances where there are indicators of impairment, the recoverable amounts of investment in subsidiaries, associates and joint ventures have been determined based on an estimation of the value in use of those investments. The value in use calculation requires the Group to estimate the future cash-flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of those investments based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture.

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

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

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

Impairment in investment in subsidiaries, associates or joint ventures (cont'd)

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

Income taxes

The Group has exposure to income tax in numerous jurisdictions. Significant judgement 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 recognised initially, such differences will affect the income tax and deferred tax provisions in the period in which such determinations are made.

Provision for commitment for equipment upgrade and expenses

Significant assumptions are required to determine the variation works and the total estimated costs that will affect the commitment for equipment upgrade and expenses. The estimates are made based on past experience and knowledge of the project engineers.

(iv) Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

(iv) Foreign currency transactions and translation (cont'd)

Exchange differences arising from the settlements of monetary items and from retranslation of monetary items are included in profit or loss for the period. Exchange differences arising from the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities at the foreign operation and translated at the closing rate.

(v) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

(v) Basis of consolidation (cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.
Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(vi) Available-for-sale financial asset

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

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

(vii) Associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(viii) Reverse acquisition

The acquisition of the OSS entities 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:

a) 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;

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

(viii) Reverse acquisition (cont'd)

b) 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;

c) 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 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

d) the comparative figures presented in these consolidated financial statements are those of the Acquiring Group.

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

19. Principal Risks and Uncertainties

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

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

As disclosed in the Financial Risk Management section of the EMAS Offshore Limited 2014 Annual Report, the Group is exposed to a number of financial risks including but not limited to credit risk, liquidity risk, foreign currency risk and interest rate risks. It is the policy of the Group to continuously monitor and review these risks and take the necessary steps to minimise the potential effects of these risks on the Group's performance.

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

20. Key Financial Figures

	Notes	Period ended 30 Nov 2014	Period ended 30 Nov 2013
Net profit (in USD thousands)		148,402	10,397
EBITDA (in USD thousands)		162,166	21,750
EBIT (in USD thousands)		151,942	13,382
Earnings per share			
– Basic and diluted (in USD cents)	A	0.38	0.04
Weighted average number of shares ('000)		385,666	280,133
Interest cover ratio (times)	B	62.28	10.40
Return on equity	C	36.1%	3.3%

	Notes	As at 30 Nov 2014	As at 31 Aug 2014
Net interest bearing debt (in USD thousands)	D	536,024	401,458
Net tangible assets attributable to the Parent (in USD thousands)		506,288	314,272
Debt equity ratio (times)	E	1.06	1.28
Current ratio (times)	F	1.01	1.09
Net asset value per ordinary share (in USD)	G	1.15	2.84

Notes:

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