UPDATE ON 4Q FY2016 UNAUDITED CONSOLIDATED FINANCIAL INFORMATION AS ANNOUNCED ON 30 OCTOBER 2016

Reference is made to the 4Q FY2016 (as defined below) published by EMAS Offshore Limited ("EOL" or the "Company", together with its subsidiaries, the "Group") on 30 October 2016. Following further updates to the situation pertaining to Perisai Petroleum Teknologi Berhad ("PPTB") after the publication of the 4Q FY2016, the Board of Directors of the Company (the "Board") resolved to undertake a comprehensive impairment exercise which impacted the financial results reported in the 4Q FY2016 announcement. The discussion below updates the fourth quarter announcement of the Company's unaudited consolidated financial information for the three months ended 31 August 2016 ("4Q FY2016") released on 30 October 2016 taking into consideration the factors as highlighted below. The discussion should be read in conjunction with the first quarter announcement of the Company's unaudited consolidated financial information for the period ended 30 November 2015 released on 11 January 2016, the first half announcement of the Company's unaudited consolidated financial information released on 14 April 2016 and the third quarter announcement of the Company's unaudited consolidated financial information for the period ended 31 May 2016 released on 14 July 2016 to obtain an overall understanding of the of the Company's unaudited consolidated financial information for the financial year ended 31 August 2016.

Perisai Petroleum Teknologi Berhad ("PPTB")

The Group assessed the recoverability of its investments in an associate and joint ventures held with PPTB based on current developments. The Group resultantly recognised impairment charges of USD20.7 million to the Group's investment in the associate, Intan Offshore Sdn Bhd and USD46.8 million to the Group's investment in the joint venture, EMAS Victoria (L) Bhd in the of the Company's unaudited consolidated statement of profit or loss for 4Q FY2016 ("4Q FY2016 P&L Statement"). After these impairment charges, the carrying value of the Group's investment in associates and joint ventures stands at USD17.1 million and USD105.5 million respectively as at 31 August 2016.

The Group also assessed its receivables due from SJR Marine (L) Ltd, a joint venture between the Group and PPTB. Through its wholly owned subsidiaries Emas Offshore (M) Sdn Bhd and EMAS Offshore Construction and Production Pte Ltd, the Group commenced legal proceedings against SJR Marine (L) Ltd on 9 November 2016 to recover the receivables. The Group has consequently provided allowance for doubtful receivables on the remaining outstanding receivables due from SJR Marine (L) Ltd amounting to USD8.5 million in the 4Q FY2016 P&L Statement.

In connection with the Company's recent announcements on the put option held by PPTB, the Group is seeking legal advice on the matter but has provisionally recognised USD20.7 million in the 4Q FY2016 P&L Statement, being the fair value of the put option.

Impairment assessment

The Group assessed the carrying value of its fleet of vessels and recognised an impairment charge amounting to USD57.3 million in the 4Q FY2016 P&L Statement. This brought the net book value of property plant and equipment to USD742.9 million as at 31 August 2016.

The Group modified its operating lease arrangements and estimated that the cost of modification was USD24.2 million. This was recorded in cost of sales in the 4Q FY2016 P&L Statement.

In addition to the assessment of impairment of vessels, an assessment of the carrying value of the asset held for sale was also performed. With reference to the Company's announcements relating to the sale of shares in PV Keez Pte Ltd dated 14 October 2016, 1 July 2016, 7 September 2016 and 28 October 2016, the Group engaged an independent professional valuer to determine the fair value of the consideration for this sale. Following the completion of the valuation, the fair value of the asset held for sale was determined to be USD29.6 million. Accordingly, the Group has recognised an impairment loss of USD46.7 million in the 4Q FY2016 P&L Statement.

Due to the challenging market conditions, the Group is currently in negotiation with certain vendors for cancellation of procurement contracts to conserve cash and to assess if further impairment is required for the assets. The above issues will affect the extent of recognition of liabilities and impairments losses which may further impact the Company's financial statements.

Taking into consideration the above adjustments, the Group's losses after tax for 4Q FY2016 and financial year ended 31 August 2016 increased by USD225.0 million, to USD323.5 million and USD490.3 million respectively. Consequently the revised total equity for the Group reduced from USD315.5 million to USD90.5 million as at 31 August 2016.

The financial information discussed above has not been audited or reviewed.

This information is subject to the disclosure obligation under the Norwegian Securities Trading Act section 5-12.

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Appendix

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

	3 months ended 31 Aug 2016			Year ended 31 Aug 2016		
	Based on current announce-ment	As previously announced on 30 Oct 2016	% increase/ (decrease)	Based on current announce-ment	As previously announced on 30 Oct 2016	% increase/ (decrease)
Revenue	52,242	52,242	-	167,579	167,579	-
Cost of sales	(95,631)	(73,166)	31	(239,884)	(217,419)	10
Gross loss	(43,389)	(20,924)	107	(72,305)	(49,840)	45
Other expense, net	(255,968)	(63,678)	302	(357,382)	(165,092)	116
Administrative expenses	(14,834)	(4,612)	222	(49,409)	(39,187)	26
Loss from operations	(314,191)	(89,214)	252	(479,096)	(254,119)	89
Financial income	1,063	1,063	-	3,482	3,482	-
Financial expenses	(10,212)	(10,212)	-	(27,951)	(27,951)	-
Share of results of associates	1,348	1,348	-	7,645	7,645	-
Share of results of joint ventures	1,505	1,505	-	9,394	9,394	-
Loss before tax	(320,487)	(95,510)	236	(486,526)	(261,549)	86
Income tax	(2,975)	(2,975)	-	(3,779)	(3,779)	-
Loss after tax	(323,462)	(98,485)	228	(490,305)	(265,328)	85
Other comprehensive income:						
Items that may be reclassified to profit or loss:						
Effective portion of changes in fair value of cash flow hedges	(108)	(108)	-	(3)	(3)	-
Exchange difference on translation of foreign operations	362	362	-	431	431	-
Change in fair value of available for sale investment	(8,583)	(8,583)	-	(9,988)	(9,988)	-
Impairment on available for sale investment	56,003	56,003	-	56,003	56,003	-
Share of other comprehensive income of associates	(77)	(77)	-	(77)	(77)	-
Total comprehensive income for the financial period/year attributable to equity holder of the Company	(275,865)	(50,888)	442	(443,939)	(218,962)	103
Loss per share (US cents)	(0.74)	(0.22)	236	(1.12)	(0.61)	84

Appendix

Statements of Financial Position (in USD thousands)

	Group		
	As at 31 Aug 2016		
	Based on current announcement	As previously announced on 30 Oct 2016	% increase/ (decrease)
Non-current assets	925,025	1,047,742	(12)
Current assets	208,893	267,962	(22)
Total assets	**1,133,918**	**1,315,704**	(14)
Non-current liabilities	153,337	150,863	2
Current liabilities	890,033	849,315	5
Total equity	90,548	315,526	(71)
Total liabilities and equity	**1,133,918**	**1,315,704**	(14)