EMAS Offshore Limited

Second Half and Full Year FY2017

Unaudited Consolidated Financial Information

Together We Deliver

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

1. Introduction

EMAS Offshore Limited ("**EOL**" or the "**Company**", and together with its subsidiaries, 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 listed on the Oslo Børs in 2007 and subsequently secondary-listed on the SGX-ST on 8 October 2014 and became a dual-listed company in both Norway and Singapore.

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

2. Company Profile

Headquartered in Singapore, EOL holds an established market position in Asia Pacific, with current operations across West Africa and India as well. The Group's business activities are carried out by two business segments, namely (i) Offshore Support and Accommodation Services division, and (ii) Offshore Production Services division.

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

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

3. Strategy

The Group's strategies are as follows:

Geographical Strategy - consolidate in Southeast Asia and expand in selected areas with growth potential such as West Africa and India.

Operational excellence – enhance our workforce capabilities and develop 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.

4. Outlook

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

During the reporting period, oil prices have recovered slightly and averaged above US$50. However, oil prices have not reached an extent that will result in a significant increase in activities in the offshore oil and gas sector while the situation of over-supply of offshore vessels continues to persist. These factors are expected to have a negative impact on the Group's operations and financial performance.

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

5. Adjusting events

Events after the reporting period

i. Re-delivery of Lewek Ariel, Lewek Lynx and Lewek Alkaid

The Company's indirect wholly owned subsidiary Emas Offshore (M) Sdn Bhd ("**Charterer**") had on 2 November 2017 received notices of termination to (i) terminate the bareboat charter between Marina Morganite Shipping Limited ("**Ariel Owner**") and the Charterer in respect of the vessel *"Lewek Ariel"*; (ii) terminate the bareboat charter between Marina Moss Shipping Limited ("**Lynx Owner**") and Charterer in respect of the vessel *"Lewek Lynx"; and (iii)* terminate the bareboat charter between Marina Tanzanite Shipping Limited ("**Alkaid Owner**") and Charterer in respect of the vessel *"Lewek Alkaid"* (the "**Charter(s)**"). The Charterer's obligations under the Charters are guaranteed by Ezra Holdings Limited ("**Ezra**").

The Ariel Owner, the Lynx Owner and the Alkaid Owner (collectively the "**Owners**") demanded in their respective notices of termination that: (a) the vessels "*Lewek Ariel*", "*Lewek Lynx*" and "*Lewek Alkaid*" (collectively the "**Vessels**") must be safely redelivered at safe anchorage in Singapore or such other port or lace required by the Owners; (b) all relevant documents and information relating to the Vessels to be delivered to enable the Owners to take redelivery effectively; and (c) the Charterer should agree to the joint appointment of a surveyor nominated by the Owners so as to determine and agree to the condition of the Vessels at the time of redelivery. The total amount demanded for the three vessels amounts to approximately US$13,170,000.The Company previously announced on 5 December 2017 that pending discussions between the Company, the Charterer, the Owners and the Owners' principal financiers, there was an informal standstill in respect of the termination of the Charters and the Group was continuing to fulfil its contractual obligations under the existing contracts with the end-charterers of the Vessels with no disruption to the Group's charter operations. Further to these discussions, the Company has since re-delivered the Vessels to the Owners. The Owners have accepted the redelivery of the Vessels without prejudice to any of its rights against the Charterer and Ezra.

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

ii. Redelivery of Lewek Avior

Lewek Avior is a vessel leased on a bareboat charter by the Company's indirect wholly-owned subsidiary, Emas Offshore Pte Ltd ("**EOPL**") from Marina Aquata Shipping Pte. Ltd. (the "**Avior Owner**") and guaranteed by Ezra. On 18 February 2018, Lewek Avior was redelivered to the Avior Owner. The Avior Owner has accepted the redelivery of Lewek Avior without prejudice to any of its rights against EOPL and Ezra.

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

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

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

iv. The Group's Restructuring Efforts

The Company and its key subsidiaries, Emas Offshore Pte Ltd and Emas Offshore Services Pte Ltd (collectively, the "**EOL Restructuring Group**") have been undergoing a restructuring exercise. On 29 August 2017, the Company entered into a binding term sheet (the "**August Term Sheet**") with certain potential investors including Baker Technology Investment Pte. Ltd. ("**BTI**") for the injection of an aggregate amount of US$50 million into the Company ("**Investment**") as part of the financial restructuring of the Group ("**Restructuring Exercise**"). An informal steering committee ("**Steering Committee**") comprising the EOL Group's principal Singapore lenders, namely DBS Bank Ltd ("**DBS Bank**"), United Overseas Bank Limited ("**UOB**") and Oversea-Chinese Banking Corporation Limited (collectively, the "**Singapore Principal Lenders**"), was also constituted on or about 15 September 2017, to facilitate discussions in relation to the restructuring proposal with these investors, the EOL Restructuring Group and the Company's financial advisors.

To facilitate the Restructuring Exercise, the EOL Restructuring Group, on 31 August 2017, filed applications in the High Court of the Republic of Singapore ("**Court**") for a moratorium of six (6) months ("**Moratorium**") under section 211B(1) of the Companies Act (Chapter 50) of Singapore (the "**Moratorium Applications**"). The Moratorium Applications were granted on 25 September 2017. The Moratorium over the EOL Restructuring Group has provided stability for the daily operations of the Group, enabling it to continue operations with the support of its key trade suppliers. The Moratorium also provides the EOL Restructuring Group an opportunity as well as adequate time to pursue the Restructuring Exercise.

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

iv. The Group's Restructuring Efforts (cont'd)

The August Term Sheet was eventually terminated by the Company on 9 December 2017. Notwithstanding the termination of the August Term Sheet, BTI and the Company continued discussions in relation to the Restructuring Exercise, culminating in BTI and the Company entering into a new term sheet ("**BTI Term Sheet**") in relation to the potential cash investment by BTI into the Company on the same terms as the previous term sheet but with the option for BTI to structure the investment together with a co-investor (collectively the "**Lead Investors**") and an improvement to the key terms of the proposed Restructuring Plan that took into account the multiple discussions between the Lead Investors, the Company and various Singapore Principal Lenders.

Given the deteriorating financial position of the EOL Restructuring Group and the risk of further creditor action which would cause irreversible damage to the business operations of the EOL Group, the EOL Restructuring Group proceeded, on 11 December 2017, to file applications to the Court under section 210(1) of the Companies Act (Chapter 50) of Singapore to seek the Court's leave to convene their respective creditors' meeting **("Creditors' Meeting")** to consider, and if thought fit approve the schemes of arrangement **("Schemes")** proposed by each of the EOL Restructuring Group to their respective creditors on the basis of the restructuring plan premised in the BTI Term Sheet and including discussions with BTI and the Group's principal bank lenders **("Restructuring Plan")**.

On 15 February 2018, with the in-principle support of two (2) of the Group's Singapore Principal Lenders for the Group's Restructuring Plan, the EOL Restructuring Group successfully obtained the Court's leave until 30 June 2018 for each member of the EOL Restructuring Group to convene their respective Creditors' Meeting. The Court also extended the Moratoriums in respect of the EOL Restructuring Group entities until 30 June 2018 or further order.

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

Although the Restructuring Exercise has yet to be concluded, BTI and the Company are continuing to work together with its advisers and key bank lenders to progress the Restructuring Exercise including conducting advanced discussions with BTI and the various creditors. On 15 March 2018, the Company received an improved Restructuring Plan from BTI for the Schemes. The improved Restructuring Plan requires the continued listing of the Company's shares on the Oslo Stock Exchange on terms that are acceptable to BTI. The Group will work closely with its Investors, principal bank lenders and other stakeholders to bring to fruition the Restructuring Plan in the near future.

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

v. Resignation of the Company's executive director and CEO.

On 18 January 2018, the Company announced that its executive director and CEO, Captain Adarash Kumar S/O Chranji Lal Amarnath, had tendered his resignation and his last day of service will be on 6 April 2018. The Company is engaging in discussions with BTI in relation to the resignation of the CEO so that the Restructuring Plan will not be derailed. In the interim, the CEO will continue his duties and responsibilities pending the appointment of a suitable candidate in due course.

vi. Listing status of the Company

The Company has a primary listing on the Oslo Stock Exchange and a secondary listing on SGX-ST.

On 25 February 2018, the Oslo Stock Exchange has resolved to delist the shares of the Company with effect from 27 April 2018 due chiefly to the Company's inability to disclose financial information within the prescribed deadlines under the Oslo Stock Exchange listing rules. In the meantime, the Company remains listed on the Oslo Stock Exchange. The Oslo Stock Exchange's decision can be appealed to the Stock Exchange Appeals Committee. On 5 March 2018, the Company submitted its appeal against Oslo Stock Exchange's decision to delist the shares of the Company as it is the Company's view that Oslo Stock Exchange's decision comes at a time where the Group's Restructuring Exercise has made significant progress.

On 21 March 2018, the Oslo Stock Exchange has notified the Company that it had resolved to uphold its resolution of delisting and the case has accordingly been submitted to the Stock Exchange Appeals Committee for their handling of the case. The Company will be given the opportunity to provide any further objections and comments before the Stock Exchange Appeals Committee resolves upon the matter in due course. The Company will continue to update the market when there is material development.

5. Adjusting events (cont'd)

Events after the reporting period (cont'd)

As disclosed in the audited Financial Statements for the financial year ended 31 August 2016 ("**Audited FS FY2016**"), with reference to the "Events after reporting period" as discussed above and the "Basis of preparation" as per Note 17 to this report, the Consolidated Statement of Profit and Loss and Other Comprehensive Income and Statements of Financial Statement as per Note 6 and Note 7 respectively of this report are also prepared on the assumption of going concern.

The Group also wishes to highlight the "Disclaimer of Opinion" in the independent auditor's report in relation to the Audited FS FY2016 *inter alia* that the Company's independent auditor have declined to express an opinion on whether the use of the going concern assumption is appropriate given the uncertainty of the outcome of the Group's financial restructuring exercise. The Group wishes to state that while these statements have been prepared using the going concern assumption based on the view that the Company and the Group will be able to successfully complete the Restructuring Exercise, these financial statements should not be taken as any indication of certainty or assurance that the Restructuring Exercise will be successfully completed.

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

	6 months ended		%	Year ended		%
	31 Aug 2017	31 Aug 2016	increase/ (decrease)	31 Aug 2017	31 Aug 2016	increase/ (decrease)
Revenue	55,968	87,318	(36)	136,484	167,579	(19)
Cost of sales	(77,641)	(118,927)	(35)	(165,680)	(215,659)	(23)
Gross loss	(21,673)	(31,609)	(31)	(29,196)	(48,080)	(39)
Other expense, net	(480,210)	(279,340)	72	(475,526)	(378,107)	26
Administrative expenses	(134,214)	(67,894)	98	(144,460)	(97,844)	48
Loss from operations	(636,097)	(378,843)	68	(649,182)	(524,031)	24
Financial income	391	2,009	(81)	3,143	3,482	(10)
Financial expenses	(18,088)	(17,014)	6	(33,691)	(27,951)	21
Share of results of associates	(11,010)	2,633	nm	(8,385)	7,645	nm
Share of results of joint ventures	(20,668)	2,986	nm	(14,616)	9,394	nm
Loss before tax	(685,472)	(388,229)	77	(702,731)	(531,461)	32
Income tax	(2,003)	(3,320)	(40)	(2,934)	(3,779)	(22)
Loss after tax	(687,475)	(391,549)	76	(705,665)	(535,240)	32
Other comprehensive income:						
Items that may be reclassified to profit or loss:						
Effective portion of changes in fair value of cash flow hedges	-	(50)	nm	-	(3)	nm
Exchange difference on translation of foreign operations	1,356	1,057	28	857	431	99
Change in fair value of available for sale investment	-	(8,773)	nm	-	(9,989)	nm
Impairment on available for sale investment	-	56,004	nm	-	56,004	nm
Share of other comprehensive income of associates	-	(77)	nm	-	(77)	nm
Total comprehensive income for the financial period/ year	(686,119)	(343,388)	100	(704,808)	(488,874)	44
Total comprehensive income for the financial period attributable to:						
Equity holder of the Company	(686,119)	(343,388)	100	(704,808)	(488,874)	44
Non-controlling interests	*	*	-	*	*	-
Total comprehensive income for the financial period/ year	(686,119)	(343,388)	100	(704,808)	(488,874)	44
Loss per share (US cents)	(1.57)	(0.89)	76	(1.61)	(1.22)	32

** Less than USD1,000*

nm – Not meaningful

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

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

	6 months ended		%	Year ended		%
	31 Aug 2017	31 Aug 2016	increase/ (decrease)	31 Aug 2017	31 Aug 2016	increase/ (decrease)
Exchange loss, net	(2,804)	(1,686)	66	(856)	(1,835)	(53)
Depreciation	(24,299)	(29,970)	(19)	(46,963)	(55,747)	(16)
Impairment loss on associates	(4,410)	(20,686)	(79)	(4,410)	(20,686)	(79)
Impairment loss on joint ventures	(15,947)	(43,328)	(63)	(15,947)	(81,621)	(80)
Fair value changes of derivative instruments	(17,715)	(20,578)	(14)	(17,625)	(20,578)	(14)
Loss on disposal of property, plant and equipment	(10,133)	(1,769)	473	(10,163)	(7,402)	37
Impairment loss on property, plant and equipment	(368,850)	(57,318)	544	(368,850)	(108,695)	239
Property, plant and equipment written off	-	(8,664)	nm	-	(8,664)	nm
Allowance for doubtful receivables	(118,328)	(10,265)	nm	(120,521)	(11,911)	912
Bad debts written off	(50)	(48,730)	(100)	(50)	(67,608)	(100)
Bad debts recovered	-	-	-	-	14	nm
Loss recognised on remeasurement to fair value less costs to sell	-	(46,725)	nm	-	(50,194)	nm
Impairment on available for sale investment	-	(56,004)	nm	-	(56,004)	nm
Provision for onerous contracts	(34,464)	(24,225)	42	(33,784)	(24,225)	39
Realised loss on derivative instruments, net	(5)	(167)	(97)	(21)	(165)	(87)
Amortisation of deferred income	1,935	1,423	36	1,935	1,423	36
Gain/(loss) on disposal of asset held for sale	1,376	-	nm	1,239	-	nm
Loss on disposal of subsidiary	(52,109)	-	nm	(52,109)	-	nm

nm – Not meaningful

7. Statements of Financial Position (in USD thousands)

	Group			Company		
	As at 31 Aug 2017	As at 31 Aug 2016	% increase/ (decrease)	As at 31 Aug 2017	As at 31 Aug 2016	% increase/ (decrease)
ASSETS						
Non-current assets						
Property, plant and equipment	290,506	742,943	(61)	-	-	-
Investment in subsidiaries	-	-	-	27,867	27,917	-
Investment in associates	3,887	17,116	(77)	-	-	-
Investment in joint ventures	73,379	103,943	(29)	81,811	103,392	(21)
Derivative financial assets	29,290	-	nm	-	-	-
Long term receivables	-	12,634	nm	-	-	-
Lease receivables	877	1,222	(28)	-	-	-
	397,939	877,858	(55)	109,678	131,309	(16)
Current assets						
Inventories and work-in-progress	1,766	1,764	-	-	-	-
Lease receivables	1,012	592	71	-	-	-
Trade receivables	18,622	16,471	13	-	-	-
Other receivables and deposits	13,042	15,321	(15)	1,773	105	nm
Prepayments	5,171	14,165	(63)	288	1,206	(76)
Balances due from						
- holding company	2,166	9,196	(76)	-	-	-
- subsidiaries	-	-	-	488,733	336,420	45
- related parties	6,687	92,769	(93)	1	-	nm
- associates	2,601	11,285	(77)	-	-	-
- joint ventures	8,309	8,351	(1)	7,155	7,155	-
Cash and cash equivalents	9,168	12,484	(27)	2,436	362	573
	68,544	182,398	(62)	500,386	345,248	45
Asset held for sale	-	29,597	nm	-	-	-
	68,544	211,995	(68)	500,386	345,248	45
Total assets	**466,483**	**1,089,853**	(57)	**610,064**	**476,557**	28
LIABILITIES AND EQUITY						
Non-current liabilities						
Other payables	3,477	-	nm	3,477	-	nm
Balances due to						
- holding company	125,000	125,000	-	125,000	125,000	-
Deferred income	4,951	26,396	(81)	-	-	-
Derivative financial instruments	421	266	58	-	-	-
Deferred tax liabilities	117	1,675	(93)	-	-	-
Total non-current liabilities	133,966	153,337	(13)	128,477	125,000	3

nm – Not meaningful

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

	Group			Company		
	As at 31 Aug 2017	As at 31 Aug 2016	% increase/ (decrease)	As at 31 Aug 2017	As at 31 Aug 2016	% increase/ (decrease)
Current liabilities						
Trade payables	39,215	36,039	9	-	-	-
Other payables and accruals	137,666	55,440	148	77,262	4,392	nm
Balances due to						
- holding company	58,233	52,051	12	30,080	23,898	26
- subsidiaries	-	-	-	243,261	147,872	65
- related parties	11,400	9,162	24	2,757	1,293	113
- associates	30,293	15,279	98	-	-	-
- joint ventures	-	103	nm	-	-	-
Bills payable to banks	78,326	101,464	(23)	22,037	22,000	-
Derivative financial instruments	43,031	20,719	108	43,031	20,719	108
Onerous contracts	75,513	24,225	212	-	-	-
Deferred income	436	4,108	(89)	-	-	-
Lease obligations	39,764	97,002	(59)	-	-	-
Bank term loans	469,142	466,829	-	45,000	45,000	-
Income tax payable	8,692	8,481	2	133	133	-
Total current liabilities	991,711	890,902	11	463,561	265,307	75
Capital and reserves						
Share capital	229,541	229,541	-	357,211	357,211	-
Treasury shares	(718)	(718)	-	(718)	(718)	-
Accumulated losses	(889,152)	(183,487)	385	(338,467)	(270,243)	25
Translation reserve	(4,022)	(4,879)	(18)	-	-	-
Capital reserve	5,157	5,157	-	-	-	-
Total equity	(659,194)	45,614	nm	18,026	86,250	(79)
Total liabilities and equity	**466,483**	**1,089,853**	**(57)**	**610,064**	**476,557**	**28**

nm – Not meaningful

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

(i) Statement of changes in equity for the financial year ended 31 August 2017

	Group									
	Attributable to owners of the Company									
	Share capital	Treasury shares	Hedging reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated profits	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
At 1 September 2016	229,541	(718)	-	-	5,157	(4,879)	(183,487)	45,614	-	45,614
Total comprehensive income for the year	-	-	-	-	-	857	(705,665)	(704,808)	*	(704,808)
At 31 August 2017	229,541	(718)	-	-	5,157	(4,022)	(889,152)	(659,194)	-	(659,194)

(ii) Statement of changes in equity for the financial year ended 31 August 2016

	Group									
	Attributable to owners of the Company									
	Share capital	Treasury shares	Hedging reserves	Fair value adjustment reserves	Capital reserve	Translation reserve	Accumulated profits	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
At 1 September 2015	235,939	(718)	3	(46,015)	(1,241)	(5,233)	351,753	534,488	-	534,488
Total comprehensive income for the year	-	-	(3)	46,015	-	354	(535,240)	(488,874)	*	(488,874)
Strike off of holding companies	(6,398)	-	-	-	6,398	-	-	-	-	-
At 31 August 2016	229,541	(718)	-	-	5,157	(4,879)	(183,487)	45,614	-	45,614

** Less than USD1,000*

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

(iii) Statement of changes in equity for the financial year ended 31 August 2017

	Company							
	Share capital	**Treasury shares**	**Hedging reserves**	**Fair value adjustment reserves**	**Capital reserve**	**Translation reserve**	**Accumulated losses**	**Total equity**
At 1 September 2016	357,211	(718)	-	-	-	-	(270,243)	86,250
Total comprehensive income for the year	-	-	-	-	-	-	(68,224)	(68,224)
At 31 August 2017	357,211	(718)	-	-	-	-	(338,467)	18,026

(iv) Statement of changes in equity for the financial year ended 31 August 2016

	Company							
	Share capital	**Treasury shares**	**Hedging reserves**	**Fair value adjustment reserves**	**Capital reserve**	**Translation reserve**	**Accumulated profits/(losses)**	**Total equity**
At 1 September 2015	357,211	(718)	-	(42,261)	-	-	(15,631)	298,601
Total comprehensive income for the year	-	-	-	42,261	-	-	(254,612)	(212,351)
At 31 August 2016	357,211	(718)	-	-	-	-	(270,243)	86,250

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The discussion below refers to the six months ended 31 August 2017 ("2HFY2017") and the corresponding figures covers the six months ended 31 August 2016 ("2HFY2016") for the Group's consolidated financial information.

Revenue
Revenue for 2HFY2017 was lower as compared to 2HFY2016, as it continued to be negatively impacted by weak market environment resulting in low utilization and charter rates.

Cost of sales
Cost of sales for 2HFY2017 amounted to USD77.6 million, as compared to USD118.9 million in 2HFY2016, representing a 35% decrease. The decrease was due to corresponding drop in vessel utilization and idle vessels being laid up as part of cost savings strategy.

Other expense, net
The increase in other expense, net for 2HFY2017 was due mainly to impairment loss on property, plant and equipment, loss on disposal of subsidiary as well as provision for onerous contracts.

Administrative expenses
Administrative expenses for 2HFY2017 amounted to USD134.2 million, a 96% increase from 2HFY2016. The increase was due to provision for doubtful debts made in relation to (i) other long term receivables associated with previous sale and leaseback transactions and (ii) amounts due from holding company, related parties and joint venture.

Financial income
Financial income was recognised mainly in relation to the interest accrued on the loan extended to an associate and the amortisation of interest income on the long term receivables. Financial income decreased by 81% in 2HFY2017, due mainly to cessation of interest income on long term receivables.

Financial expenses
Financial expenses refer to interest incurred on bank loans. The increase in 2HFY2017 mainly arose from higher interest rate charged on the bank facilities during the financial period.

Share of results of associates
The share of results of associates for the current period refers to the share of results of Intan Offshore Sdn Bhd. The negative share of results of associates was due to impairment loss on trade receivables.

Share of results of joint ventures
The share of results of joint ventures was mainly derived from the operations of Emas Victoria (L) Bhd. 2HFY2017 share of results was negative due mainly to impairment of plant.

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

Consolidated Statement of Financial Position

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

The Group's total assets amounted to USD466.5 million as at 31 August 2017 and USD1,089.9 million as at 31 August 2016.

The decrease in non-current assets was due mainly to impairment loss on and depreciation of property, plant and equipment, as well as impairment losses on associates and joint ventures. In addition, there was derecognition of property, plant and equipment following termination of sale and leaseback arrangements. This was offset by the recognition of a derivative asset amounting to USD 29.3 million pertaining to the deferred consideration arising from disposal of PV Keez Pte Ltd.

The decrease in current assets was due mainly to provision for doubtful debt made on the current receivables, coupled with disposal of asset held for sale in December 2016 as well as a repayment of amount due from associates following the disposal of PV Keez Pte Ltd.

The Group's total liabilities increased by 8% to USD 1,125.7 million as at 31 August 2017. This was due mainly to recognition of payable due to former subsidiary Lewek Champion Shipping Pte Ltd which is in compulsory liquidation and increase in provision for onerous contracts.

In view of the accumulated losses, the Group's total equity is in deficit position as at 31 August 2017.

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

	6 months ended		Year ended	
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
Cash flows from operating activities				
Loss before tax	(685,472)	(388,229)	(702,731)	(531,461)
Adjustments for:				
Depreciation expense	24,299	29,970	46,963	55,747
Property, plant and equipment written off	-	8,664	-	8,664
Impairment loss on property, plant and equipment	368,850	57,318	368,850	108,695
Loss on disposal of property, plant and equipment	10,133	1,769	10,163	7,402
Loss on disposal of subsidiary	52,109	-	52,109	-
Realised loss on derivative instruments	5	167	21	165
Share of results of associates	11,010	(2,633)	8,385	(7,645)
Share of results of joint ventures	20,668	(2,986)	14,616	(9,394)
Fair value changes of derivative instruments	17,715	20,578	17,625	20,578
Impairment on available for sale investment	-	56,004	-	56,004
Bad debts written off	50	48,730	50	67,608
Bad debts recovered	-	-	-	(14)
Unrealised exchange loss	3,043	2,194	968	2,436
Interest expense	18,088	17,014	33,691	27,951
Interest income	(391)	(2,009)	(3,143)	(3,482)
Loss recognised on remeasurement to fair value less costs to sell	-	46,725	-	50,194
Allowance for doubtful receivables	118,328	10,265	120,521	11,911
Impairment loss on associates	4,410	20,686	4,410	20,686
Impairment loss on joint ventures	15,947	43,328	15,947	81,621
Amortisation of deferred income	(1,935)	(1,423)	(1,935)	(1,423)
Provision for onerous contracts	34,464	24,225	33,784	24,225
Gain on disposal of asset held for sale	(1,376)	-	(1,239)	-
Operating cash flows before movements in working capital	9,945	(9,643)	19,055	(9,532)
(Increase)/decrease in:				
Inventories and work-in-progress	(96)	4,451	(26)	4,498
Trade receivables	(28,220)	9,249	(36,933)	13,279
Other debtors, deposits and prepayments	12,265	8,899	10,939	11,404
Due from holding company	-	(1,318)	-	4,404
Due from related parties	4,414	31,817	1,381	35,973
Due from associates	6,834	(644)	6,234	1,622
Due from joint ventures	(285)	794	(300)	(816)
Increase/(decrease) in:				
Trade payables	(3,601)	18,417	8,216	23,250
Other payables and accruals	9,315	(16,772)	(655)	(18,871)
Due to holding company	4,765	257	6,182	20,067
Due to associates	7,394	5,569	15,014	7,882
Due to joint ventures	103	103	-	103
Due to related parties	(2,653)	(17,700)	2,135	(19,021)
Cash generated from operations	20,180	33,479	31,242	74,242
Interest paid	(279)	(9,802)	(4,589)	(17,680)
Interest income received	804	113	3,143	1,949
Income taxes paid	(3,123)	(1,085)	(4,281)	(1,456)
Net cash flow generated from operating activities	17,582	22,705	25,515	57,055

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

	6 months ended		Year ended	
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
Cash flows from investing activities				
Return of capital from joint ventures	-	-	-	1,239
Return of loan repayment to a joint venture	(6,984)	-	-	-
Receipt of loan repayment from an associate	-	-	-	21,385
Purchase of property, plant and equipment	(14,019)	(43,414)	(16,772)	(120,388)
Proceeds from disposal of assets held for sale	1,376	-	11,744	-
Proceeds from disposal of property, plant and equipment	(8)	28,975	-	47,645
Dividend received from joint venture	-	728	-	728
Decrease/(increase) in cash pledged	390	36,897	679	36,416
Net cash flow (used in)/ generated from investing activities	(19,245)	23,186	(4,349)	(12,975)
Cash flows from financing activities				
Proceeds from bills payable	17,535	1,500	46	1,500
Repayment of bills payable	(5,000)	(1,500)	(5,000)	(21,500)
Proceeds from bank loans	125	2,831	125	62,616
Repayment of bank loans	(13,583)	(51,680)	(16,064)	(93,284)
Repayment of lease obligations	(2,689)	(4,692)	(2,689)	(5,796)
Payment of derivative instrument	(160)	(167)	(176)	(166)
Net cash flow used in financing activities	(3,772)	(53,708)	(23,758)	(56,630)
Net increase/(decrease) in cash and cash equivalents	(5,435)	(7,817)	(2,592)	(12,550)
Effects of exchange on cash and cash equivalents	11	126	(45)	117
Cash and cash equivalents at beginning of the financial period/ year	14,389	19,293	11,602	24,035
Cash and cash equivalents at end of the financial period/ year	8,965	11,602	8,965	11,602

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

	As at	
	31 Aug 2017	31 Aug 2016
Cash and bank balances	9,168	12,484
Less: Restricted cash	(203)	(882)
Cash and cash equivalents	8,965	11,602

10. Borrowings (in USD thousands)

a) Bank borrowings

	As at	
	31 Aug 2017	**31 Aug 2016**
Amount repayable in one year or less, or on demand		
Secured	516,217	519,629
Unsecured	31,251	48,664
	547,468	568,293
Amount repayable after one year		
Secured	-	-
	-	-
Total	547,468	568,293

Details of any collateral

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

b) Lease obligations

	As at	
	31 Aug 2017	**31 Aug 2016**
Amount repayable in one year or less, or on demand		
Secured	39,764	97,002
	39,764	97,002
Amount repayable after one year		
Secured	-	-
	-	-
Total	39,764	97,002

Financial covenants

With reference to Note 5 (iv), the Group has presented all its bank term loans and lease obligations as current liabilities at the end of the reporting period as it had breached certain financial covenants as at 31 August 2017.

11. Share capital

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

12. Dividends

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

13. Segment Information

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

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

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

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

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

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

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

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

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

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

Business segments

The following table presents revenue and results information regarding the Group's business segments for the financial year ended 31 August 2017 and 31 August 2016:

	Marine		Production		Corporate		Total	
	Year ended 31 Aug 2017	Year ended 31 Aug 2016	Year ended 31 Aug 2017	Year ended 31 Aug 2016	Year ended 31 Aug 2017	Year ended 31 Aug 2016	Year ended 31 Aug 2017	Year ended 31 Aug 2016
Revenue	133,146	165,498	3,338	2,081	-	-	136,484	167,579
(Loss)/profit from operations	(144,331)	(60,720)	19,677	(607)	(22,808)	(16,862)	(147,462)	(78,189)
Financial income	3,143	2,958	-	522	-	2	3,143	3,482
Financial expenses	(24,937)	(19,153)	(1,549)	(2,149)	(7,205)	(6,649)	(33,691)	(27,951)
Share of results of associates	(8,385)	5,016	-	2,629	-	-	(8,385)	7,645
Share of results of joint ventures	-	-	-	13,648	(14,616)	(4,254)	(14,616)	9,394
(Loss)/gain on disposal of property, plant and equipment	(10,163)	(7,402)	-	-	-	-	(10,163)	(7,402)
Impairment loss on property, plant and equipment	(368,850)	(108,695)	-	-	-	-	(368,850)	(108,695)
Property, plant and equipment written off	-	(8,664)	-	-	-	-	-	(8,664)
Bad debts written off	(50)	(67,608)	-	-	-	-	(50)	(67,608)
Provision for onerous contract	(33,784)	(24,225)	-	-	-	-	(33,784)	(24,225)
Impairment on available for sale investment	-	-	-	-	-	(56,004)	-	(56,004)
Realised loss on derivative instruments	(21)	(165)	-	-	-	-	(21)	(165)
Fair value changes of derivative instruments	90	-	4,136	-	(21,851)	(20,578)	(17,625)	(20,578)
Impairment loss on associates	(4,410)	(20,686)	-	-	-	-	(4,410)	(20,686)
Impairment loss on joint ventures	-	-	5,633	(77,296)	(21,580)	(4,325)	(15,947)	(81,621)
Loss recognised on remeasurement to fair value less costs to sell	-	-	-	(50,194)	-	-	-	(50,194)
Loss on disposal of subsidiary	(52,059)	-	-		(50)		(52,109)	-
Gain/(loss) on disposal of asset held for sale	-		1,239		-		1,239	-
Income tax	(2,944)	-	10		-		(2,934)	(3,779)
Loss for the financial year							(705,665)	(535,240)
Other information								
Capital expenditure	16,772	195,548	-	-	-	-	16,772	195,548
Depreciation	46,963	55,747	-	-	-	-	46,963	55,747

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

Business segments

	Marine		Production		Corporate		Total	
	As at 31 Aug 2017	As at 31 Aug 2016	As at 31 Aug 2017	As at 31 Aug 2016	As at 31 Aug 2017	As at 31 Aug 2016	As at 31 Aug 2017	As at 31 Aug 2016
Assets								
Segment assets	339,697	938,371	226,302	124,056	(99,516)	27,426	466,483	1,089,853
Liabilities								
Segment liabilities	712,547	723,225	192,831	79,058	220,299	241,956	1,125,677	1,044,239
Other information								
Investment in associates	3,887	17,116	-	-	-	-	3,887	17,116
Investment in joint ventures	-	-	54,316	83,191	19,063	20,752	73,379	103,943
Asset held for sale	-	-	-	29,597	-	-	-	29,597

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

Geographical segment

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

a) Revenue – Note 1

	Year ended 31 Aug 2017	Year ended 31 Aug 2016
Singapore	15,718	21,375
Southeast Asia	42,083	62,299
Africa	51,925	54,872
Brazil	-	10,189
India	19,237	9,995
Others	7,521	8,849
Total	136,484	167,579

b) Non-current assets – Note 2

	As at 31 Aug 2017	As at 31 Aug 2016
Singapore	323,562	663,306
Malaysia	48,087	135,545
India	12,812	28,394
Others	13,478	37,979
Total	397,939	865,224

Information about major customers

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

	Year ended 31 Aug 2017	Year ended 31 Aug 2016
Marine division:		
Customer 1	15,052	28,676
Customer 2	13,074	14,564
Customer 3	12,757	13,123
Production division	3,361	1,104

Notes:

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

14. Significant Related Party Transactions (in USD thousands)

	Year ended 31 Aug 2017	Year ended 31 Aug 2016
Income		
Revenue from related parties	29,472	55,059
Revenue from associates	1,896	2,002
Revenue from joint ventures	642	18
Interest income from an associate	-	521
Expenses		
Cost of sales charged by related parties	(5,267)	(625)
Cost of sales charged by associates	(11,919)	(14,358)
Interest expenses charged by the holding company	(4,436)	(4,047)
Management fees charged by the holding company	(616)	(1,945)
Management fees charged by a related party	(661)	(689)
Allowance for doubtful receivables from the holding company	(7,030)	-
Allowance for doubtful receivables from related companies	(87,414)	(332)
Allowance for doubtful receivables from joint ventures	(342)	(8,455)
Allowance for doubtful receivables from associates	(2,450)	-
Key management personnel compensation		
- Salaries, bonus and allowance	(956)	(1,833)
- Defined contribution plan expense	(27)	(22)

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

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

	As at 31 Aug 2017		As at 31 Aug 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset				
Long term receivables	-	-	12,634	16,410
Financial liabilities				
Balance due to holding company	125,000	133,501	125,000	129,224

Long term receivables and balance due to holding company – Fair values are estimated based on a discounted cash flow basis using the Group's weighted average interest rate of floating rate loans of 3.31% (2016: 3.31%) which is representative of the market rate applicable to companies with similar risk profile.

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

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

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

16. Commitments

As at the end of the reporting period, the Group had nil (FY 2016: nil) capital commitments relating to purchase of equipment, vessel and newbuilds.

17. Selected Notes to the Accounts

(i) Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements are also in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information should be read in conjunction with the Group's FY2016 annual financial statements, which include a full description of the Group's accounting policies.

As at 31 August 2017, the Group has reported a loss of US$706,665,000 (2016: US$535,240,000) for the year ended 31 August 2017 and was in net current liabilities position of US$923,167,000 (2016: US$678,907,000) and net liabilities position of US$659,194,000 (2016: net asset position of US$45,614,000), and had breached certain financial covenants during the financial period/year. In addition, the cashflows of the Group has been extremely challenging in which the Group has not been paying its principal and interests to financial institutions as well as bareboat payments to its lessors. The Group has also received various letters of demand from vendors, financial institutions and lessors. As such, the Group has started its refinancing discussion with the various financial institutions to refinance its financial obligations. The Group was in initial discussion with all its financial lenders to refinance its financial obligations over a period of 5 years from December 2016 ("**Refinancing**") and retrospectively exempt the Group from complying with financial covenants until FY2020. The agreement also contemplates the raising of new working capital facilities, which is subject to certain conditions ("**Ongoing Initiatives**").

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

(i) Basis of preparation (cont'd)

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

Nevertheless, and as stated at Note 5(vii) above, the Company, together with the other EOL Restructuring Group entities, have nevertheless pressed on with its Restructuring Exercise and has since formulated the Restructuring Plan in connection with the BTI Term Sheet, which is proposed to be carried out mainly by way of: (i) the Schemes for the EOL Restructuring Group entities to comprehensively restructuring their existing liabilities; and (ii) the issuance of new shares in the Company for subscription by the Lead Investment, if any. The total investment amount for the Investment is estimated to be US$50 million for the Restructuring Exercise.

On 15 February 2018, with the support of two (2) of the Group's Singapore Principal Lenders for the Group's Restructuring Plan, the EOL Restructuring Group successfully obtained the Court's leave until 30 June 2018 for each member of the EOL Restructuring Group to convene their respective Creditors' Meeting. The Court also extended the Moratorium in respect of the EOL Restructuring Group entities until 30 June 2018 or further order.

Assuming the consummation of the Restructuring Plan and the injection of new funds, the balance sheet of the Group and Company will be deleveraged substantially and the new funds will provide working capital support to enable the Group to continue as a going concern. The directors of the Company will continue to act, together with management, diligently towards achieving the successful completion of the financial restructuring exercise and believe that there remains a reasonable prospect of its substantial completion, in whole or in part. Therefore, the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

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

The consolidated financial information has not been audited or reviewed.

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

(ii) Adoption of New And Revised Standards

The Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 September 2016. The adoption of these new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the amounts reported for the current or prior periods.

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

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

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

a) Key sources of estimation uncertainty

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

Estimated useful lives of vessels

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

Impairment of receivables

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

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

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

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

Impairment of non-financial assets

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

Onerous contracts

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

Income taxes

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

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:

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

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

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

Accounting for sale and leaseback arrangements

At the inception of the respective sale and leaseback arrangements, the Group has evaluated the substance of the transactions in accordance with the requirements of INT FRS 27 and FRS 17 (revised) *Leases*, and concluded that the sales should be recognised upon completion of the respective transactions and the leasebacks should be accounted for as operating leases or finance lease respectively.

(iv) Foreign currencies

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

(a) Foreign currency transactions and balances

Transactions in a currency other than the respective functional currencies ("foreign currencies") 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 prevailing at the end of the reporting period. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated into the functional currencies using foreign exchange rates at the dates of the transactions. Non-monetary items measured at fair value in foreign currencies are translated into the functional currency at exchange rates ruling at the dates the fair value was measured.

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

(b) Foreign operations

For consolidation purpose, the assets and liabilities of operations are translated into USD at the rate of exchange prevailing 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.

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

(iv) Foreign currencies (cont'd)

(b) Foreign operations (cont'd)

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

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

(c) Translation of goodwill and fair value adjustments

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

(v) Basis of consolidation

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

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

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

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

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

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

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

(vi) Available-for-sale ("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.

(vii) Associates and joint ventures

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

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

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

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

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

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

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

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

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

(viii) Business combinations

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

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

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

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

18. Principal Risks and Uncertainties

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

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

As disclosed in the Note 5(iv) of this report, the Group is undergoing its Restructuring Exercise. BTI and the Company are continuing to work together with its advisers and key bank lenders to progress the Restructuring Exercise. It is the intention of the Group to continue to monitor and review these risks as mentioned above 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 managing possible operational risks that could arise, through improvements to the current business operational workflow, processes, practices and activities.

19. Key Financial Figures

	Notes	Year ended 31 Aug 2017	Year ended 31 Aug 2016
Net loss (in USD thousands)		(705,665)	(535,240)
EBITDA (in USD thousands)		(625,220)	(451,245)
EBIT (in USD thousands)		(672,183)	(506,992)
Earnings per share			
– Basic and diluted (in USD cents)	A	(1.61)	(1.22)
Weighted average number of shares ('000)		438,432	438,432
Interest cover ratio (times)	B	-20.47	-18.44
Return on equity	C	nm	-184.6%

	Notes	As at 31 Aug 2017	As at 31 Aug 2016
Net interest bearing debt (in USD thousands)	D	538,300	555,809
Net tangible assets attributable to the Parent (in USD thousands)		-659,194	45,614
Debt equity ratio (times)	E	nm	12,19
Current ratio (times)	F	0.07	0.24
Net asset value per ordinary share (in USD)	G	nm	0.10

Notes:

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

Financial covenants

With reference to Note 5 (iv), the Group has presented all its bank term loans as current liabilities at the end of the reporting period as it had breached certain financial covenants as at 31 August 2017.

nm – Not meaningful

Responsibility Statement

We confirm that, on the assumption of going concern as basis of preparation as discussed in this report, to the best of our knowledge, the condensed set of financial information as set out in Pages 5 to 32 for the year from 1 September 2016 to 31 August 2017, which have been prepared in accordance with the current applicable International Financial Reporting Standards, give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

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

The Board of Directors and Management
EMAS Offshore Limited
23 March 2018

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