

EMAS Offshore Limited – Delisting of shares from the Oslo Stock Exchange

1. Introduction

The matter relates to whether the shares of EMAS Offshore Limited (“**EMAS**” or the “**Company**”, and together with its consolidated subsidiaries, the “**EMAS Group**”) are no longer suitable for listing on the Oslo Stock Exchange.

The Company published the audited annual report for the financial year 2016 and the half-yearly report for the first six months of 2017, cf. section 5-5 and 5-6 the Norwegian Securities Trading Act (the “**STA**”), with significant delay. In addition, the Company has not published the audited annual report for 2017 within the deadline of 31 December 2017.

The question is whether this entails that the Company’s shares are not suitable for listing and accordingly shall be delisted from trading, cf. section 15.1 of the Continuing obligations of stock exchange listed companies (the “**Continuing Obligations**”), cf. section 25 (1) of the Stock Exchange Act.

Under section 3 below, the Exchange will give an account of the factual circumstances of the case. The legal background for the assessment of the Company’s suitability for listing is set out under section 4. The Company’s account of the case is provided under section 5. Under section 6, the Exchange will provide its assessment of the case.

2. About the Company

The Company was listed on the Oslo Stock Exchange on 3 October 2007 with the name EOC Limited and changed its name to EMAS Offshore Limited on 15 September 2014. The Company completed a dual listing on the Singapore Stock Exchange (the “**SGX**”) in October 2014. The Company is an established offshore services provider with two core business areas: (i) Offshore Support and Accommodation Services and (ii) Offshore Production Services. The Company is headquartered in Singapore.

The Company’s Board of Directors consists of the following; Mr. Lee Kian Soo (Executive Chairman), Capt. Adarash Kumar (CEO and Executive Director), Mr. Cuthbert (Chas) IJ. Charles (Independent Non-Executive Director) and Dr. Wang Kai Yuen (Independent Non-Executive Director).

The Company’s executive management consists of the following: Capt. Adarash Kumar (CEO and Executive Director), Mr. Hsu Chong Pin (CFO), Mr. David Michael Wallace (Chief Operating Officer), Dr. Ranjit Singh (Chief Commercial Officer) and Mr. Joseph Azran-Alemberg (Chief Projects Officer).

On 18 January 2018, the Company announced¹ that Capt. Adarash Kumar had tendered his resignation and that his last day of service would be 6 April 2018.

Ezra Holdings Limited (“**Ezra**”) is the holding company of the group where the Company operates within Offshore Support and Production Services, being one of Ezra’s three business divisions. The others are Subsea Services and Marine Services. Ezra owns 75.25% of the shares in the Company.

¹ <http://www.newsweb.no/newsweb/search.do?messageId=442593>

3. The factual circumstances of the case

3.1 The Company's financial reporting

Annual report for 2016

The Company has a deviating fiscal year with year-end on 31 August. According to section 5-5 of the STA, the audited annual report shall be made public at the latest four months after the end of each financial year. This implies that the Company's audited annual report for the financial year 2016 should have been made public no later than 31 December 2016. The audited annual public report (1 September 2015 – 31 August 2016) for 2016 was made public by the Company on 8 December 2017², approximately 11 months after the deadline.

The audit opinion stated that the auditor had not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. The auditor did accordingly not express an opinion on the financial statements.

Half-yearly report for 2017

Pursuant to section 5-6 of the STA, a half-yearly report covering the first six months of the financial year shall be made public as soon as possible after the end of the relevant period, but at the latest two months thereafter. As the Company has a deviating fiscal year, the first six months of this period began on 1 September 2016 and ended on 28 February 2017. The Company's half-yearly report for 2017 should accordingly have been made public no later than 30 April 2017. The half-yearly report was made public by the Company on 13 December 2017³, more than seven months after the deadline.

Annual report for 2017

Pursuant to section 5-5 of the STA, the Company should have published the audited annual report for 2017 (1 September 2016 – 31 August 2017) within 31 December 2017. As of the date of this letter, the publication of the report is still outstanding.

Other financial reports

On 30 October 2016, the Company published an unaudited financial report for the fourth quarter of 2016 (1 June – 31 August 2016)⁴. The Q4-report included preliminary full year figures for 2016. The Q4 figures for 2016 were corrected on 29 November 2016 due to additional impairments⁵. On 10 January 2017, the Company released an unaudited report for the first quarter of 2017 (1 September-30 November 2017)⁶. Both reports were made public within the deadlines stipulated in section 5-5 of the Norwegian Securities Trading Regulations (the "STR").

With effect from 1 January 2017, the requirement for issuers of stock exchange listed shares to publish quarterly reports was rescinded. However, due to the Company's deviating fiscal year, the Company was obliged to publish the Q1-report for 2017 pursuant to the quarterly reporting requirements of the STR prior to the change.

² <http://www.newsweb.no/newsweb/search.do?messageId=440364>

³ <http://www.newsweb.no/newsweb/search.do?messageId=440685>

⁴ <http://www.newsweb.no/newsweb/search.do?messageId=412318>

⁵ <http://www.newsweb.no/newsweb/search.do?messageId=414863>

⁶ <http://www.newsweb.no/newsweb/search.do?messageId=417665>

Following the change, the Company was not required to publish quarterly financial reports pursuant to the STA or the STR. However, on 4 April 2017⁷, the Company published a stock exchange notice regarding revised financial calendar. The stock exchange notice stated that a financial report for the third quarter of 2017 (1 March – 30 May 2017) would be published on 7 July 2017 and that a financial report for the fourth quarter (including preliminary year figures for 2017) would be released on 20 October 2017.

On 5 July 2017⁸, the Company announced that they would not release a Q3-report as previously stated. The Company also repeated that the preliminary results for the financial year 2017 (1 September 2016 – 31 August 2017) would be released on 20 October 2017. The stock exchange notice also informed that it was uncertain when and to which extent the Company would be able to release the relevant and future financial statements and that further updates would be provided as and when they arise.

On 5 October 2017, the Company published a stock exchange notice⁹ where it, among other things, informed that the Q4-report for 2017 (1 June – 31 August 2017) would be published on 30 November 2017 and the Q1-report for 2018 (1 September 2017 – 30 November 2017) would be released on 12 January 2018.

On 30 November 2017, the Company published an updated financial calendar¹⁰ where the Q4-report was informed to be released on 22 December 2017. As of the date of this letter, the Q4-report has not yet been released.

On 26 January 2018, the Company published a printed version of the 2016 annual report¹¹.

3.2 Minimum market value requirement

Pursuant to section 2.4 of the Continuing Obligations, the market value of the company's shares shall not be lower than NOK 1. If the market value has been lower than NOK 1 for a six-month period, the board shall implement measures to satisfy the requirement as quickly as is practically possible, and in any case no later than four months after the expiry of the six-month period. Such measure could typically be an initiation of a reverse share split.

On 10 August 2016, the Company's share price had been lower than NOK 1 since 15 December 2015. The Exchange sent a notification to the Company and informed them that the Company had to implement measures to satisfy the requirement within four months. The Company responded the same date and stated that the AGM would be held on 21 December 2016 and asked for permission to extend the deadline to this date, which was granted by the Exchange. On 11 November 2016, the Company asked for a further extension until 30 June 2017, which was also granted by the Exchange.

As of the date of this letter, the Company has still not implemented any measures to satisfy the requirement.

⁷ <http://www.newsweb.no/newsweb/search.do?messageId=424140>

⁸ <http://www.newsweb.no/newsweb/search.do?messageId=430912>

⁹ <http://www.newsweb.no/newsweb/search.do?messageId=435958>

¹⁰ <http://www.newsweb.no/newsweb/search.do?messageId=439804>

¹¹ <http://www.newsweb.no/newsweb/search.do?messageId=442933>

3.3 The Company's refinancing process

The Company's has stated that the reason for why they have not been able to release their financial reports within the required deadlines is that they are in a refinancing process due to a financial challenging situation for the Company.

The financial challenges of the Company were first disclosed to the market on 14 July 2016¹², where the Company announced that it was in discussions with various parties regarding its financial obligations.

The Company has since given regular updates to the market on the milestones of the process. On 2 March 2017¹³, the Company announced that EMAS CHIYODA Subsea Limited ("ECS"), an associated company of Ezra had filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code while a restructuring of ECS was being pursued. The stock exchange notice also stated that in the event the EMAS Group's efforts to secure its financial issues did not achieve a favorable and timely outcome, the EMAS Group would be faced with a going concern issue.

On 31 August 2017¹⁴, the Company announced a binding term sheet with a group of investors as a part of the restructuring of the EMAS Group, however the Company also stated that there was no certainty or assurance that the definitive agreements would be entered into with the investors or that the restructuring would be undertaken or completed at all. The Company also announced their filing for creditor protection under Singaporean law.

More details about the term sheet were released in a separate announcement on 4 September 2017¹⁵. The Company also informed that the Company intended to carry out a restructuring exercise by way of a scheme of arrangement in Singapore and issue of new shares to the potential investors.

On 11 December 2017, the Company published a stock exchange notice¹⁶ where it stated that the Company had terminated the term sheet on 9 December 2017. At the same day, the Company had entered into a new term sheet with a third party with a proposed cash investment of USD 50 million by such third party. The Company and certain of its subsidiaries had also applied for a scheme arrangement with the High Court of the Republic of Singapore, with the aim of reaching a solution with its respective creditors in terms of a restructuring. The Company highlighted that there was no assurance that any definitive agreements would be entered into in connection with the proposed investment and the restructuring.

On 19 January 2018, the Company published an update on the restructuring proceedings in Singapore¹⁷. The stock exchange notice stated, among other things, that two of the creditors had filed joint affidavits where they expressed that they were not prepared to agree to the terms of the restructuring proposals as they presently stood. The hearing date for the Scheme Applications was scheduled to 19 March 2018, and the Company was currently in discussions with the said banks and investors to come to a consensus on a revised proposal.

¹² <http://www.newsweb.no/newsweb/search.do?messageld=405976>

¹³ <http://www.newsweb.no/newsweb/search.do?messageld=421678>

¹⁴ <http://www.newsweb.no/newsweb/search.do?messageld=433968>

¹⁵ <http://www.newsweb.no/newsweb/search.do?messageld=434091>

¹⁶ <http://www.newsweb.no/newsweb/search.do?messageld=440496>

¹⁷ <http://www.newsweb.no/newsweb/search.do?messageld=442621>

3.4 The Oslo Stock Exchange's handling of the outstanding financial reporting

As a consequence of the failure to publish the audited annual report for 2016 and the 2017 half-yearly report in a timely manner, the Oslo Stock Exchange carried out certain measures towards the Company, in accordance with chapter 14 (*Price Quotation*) of the Continuing Obligations in the beginning of 2017, which is outlined below.

Special observation

On 20 February 2017, the Exchange decided to initiate special observation of the trading in the Company's shares, cf. section 14.4 of the Continuing Obligations. The background for this decision was the Company's most recent announcements:

- 7 February 2017¹⁸: The Company communicated a potential 150 days postponement of the publication of the Company's audited annual report and the annual general meeting. The risk of going concern issues for the Company was also repeated.
- 17 February 2017¹⁹: The Company requested a further 60 days extension of the deadline to finalize the agreements relevant for the refinancing.

When deciding to initiate special observation, the Exchange also referred to circular 20/2009²⁰ from the Financial Supervisory Authority of Norway (the "FSA") regarding suspensions in listed financial instruments on the grounds of failure to publish periodic financial reports. The circular states that the FSA will normally initiate and implement suspension of trading two months following the deadline for publication of an annual report and one month after the deadline for publication of interim reports. The suspension will be lifted when compliant financial reporting has been restored. The circular also states that if the breaches to the financial reporting requirements are not corrected, the Oslo Stock Exchange may follow up the suspension with a delisting of the financial instruments in question.

Suspension of trading

On 3 March 2017 at 16:30 (CET), after the close of the market, the FSA decided that the Oslo Stock Exchange was to suspend trading in the Company's shares on the Oslo Stock Exchange, cf. section 14.3 of the Continuing Obligations and section 25 (3) of the Stock Exchange Act. The suspension was imposed due to the Company's failure to release the audited annual report for 2016 within the deadline stipulated in section 5-5 (1) of the STA. The Exchange was requested by the FSA to implement the suspension immediately and it has not been lifted as of the date of this document.

When the suspension was implemented, reference was made to the Company's most recent stock exchange notices:

- 28 February 2017²¹: The Company referred to circular 20/2009 from the FSA and stated explicitly the risk of a suspension being implemented due to the failure to make the 2016 annual report publicly available within two months after the expiration of the deadline

¹⁸ <http://www.newsweb.no/newsweb/search.do?messageld=419427>

¹⁹ <http://www.newsweb.no/newsweb/search.do?messageld=420575>

²⁰ Circular 20/2009 has later been replaced by circular 5/2011. The content from 20/2009 still remains valid.

²¹ <http://www.newsweb.no/newsweb/search.do?messageld=421395>

stipulated in the STA section 5-5 (1). Based on this, the Company stated that there was a risk of a suspension being implemented on both the Oslo Stock Exchange and the SGX.

- 2 March 2017²²: The Company communicated a delay in the completion of the refinancing process. The stock exchange notice also stated that an associated company of Ezra, including certain subsidiaries, had voluntarily filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code, which could affect the Company. The Company also repeated the risk of a going concern issue from the ongoing audit of the 2016 annual report and a warning to its shareholders regarding trading in the Company's shares as the outcome of the refinancing process was uncertain.

As a consequence of the suspension implemented on the Oslo Stock Exchange, the Company requested a voluntary suspension of trading of its shares on the SGX. Such suspension was implemented on the SGX before commencement of trading on Monday 6 March 2017 and has been effective since.

On 23 March 2017, the Norwegian Financial Supervisory Authority imposed a violation charge to the Company due to the violation of the statutory deadline for the publication of the audited annual report²³.

When the Company published its annual report for 2016, the Oslo Stock Exchange was in discussions with the Company regarding the status of the suspension of trading. The Exchange resolved to uphold the decision of suspension of trading, due to uncertainties regarding the ongoing restructuring process in the Company and the Company's ability to disclose mandatory financial reports.

3.5 Subsequent events

The Oslo Stock Exchange met with the Company in Singapore in early May 2017. In this meeting, the Exchange communicated the severity of the situation that could escalate to an evaluation of the Company's listing on the Oslo Stock Exchange with the risk of delisting as a potential outcome. The Exchange encouraged the Company to present as firm and specific information as possible about how compliant financial reporting could be restored. The Exchange also encouraged the Company to maintain the flow of financial reports and updates to the market, including quarterly reports regardless of the outcome of the audit of the 2016 annual report. The Company had already released the Q1-report for 2017 report without having an audited 2016 annual report in place.

Following the meeting, the Exchange sent an e-mail to the Company on 8 May 2017²⁴ where the possibility of a delisting initiated by the Exchange or the FSA due to the continuing breaches of the financial reporting obligations was highlighted. The Exchange also requested an update from the Company regarding the publication of the audited annual report for 2016 and the financial half-yearly report for 2017. The Exchange further asked for the reason why no further unaudited interim reports were released and how the publicly communicated reporting dates for the release of the Q3-report and the Q4-report for 2017 pursuant to the stock exchange notice of 4 April 2017 should be interpreted.

²² <http://www.newsweb.no/newsweb/search.do?messagelid=421678>

²³ <https://www.finanstilsynet.no/nyhetsarkiv/brev/2017/decision-on-violation-charge/>

²⁴ The e-mail correspondence between the Company and the Oslo Stock Exchange between 8 May 2017 and 15 May 2017 is attached as Appendix 1

The Company responded on 15 May 2017 and emphasized that financial reporting would recommence immediately if a viable solution with the Company's lenders was reached. The Company also pointed out that the risks of negative pricing effects as well as wrongful pricing was limited with the trading in their shares currently halted on the Oslo Stock Exchange and the SGX. The Company stressed their sizeable number of shareholders in both markets who would be locked-in the share if a delisting was undertaken. The Company stated that it would be in the best interest of their shareholders that the Company remained listed, albeit suspended, throughout the restructuring efforts, both with respect to access to information and to the likelihood of a successful outcome of the restructuring process. The Company also stated that the current difficult situation was temporary while a delisting would be permanent.

With regard to the specific information requested by the Oslo Stock Exchange, the Company stressed that their restructuring process was subject to uncertainties beyond the Company's control. Discussions with banks and potential investors were at various stages with no certainty of completion. The situation was compounded by Ezra's filing for US Chapter 11 Bankruptcy protection and its impact on the group with corporate guarantees and cross default implications. The Company argued that as long as the situation was ongoing, there were voluminous caveats and assumptions that could render whatever numbers that the Company provided and was not representative of a true and fair view. The fluidity of the discussions could totally negate what the Company had previously announced. On this basis, the Company was of the view that it was not prudent to release any financials and that the market would be updated when there was more clarity on the matter. Further, the Company explained that the communicated dates for publishing the Q3- and Q4-report for 2017 should not be considered as definitive dates for publication. The Company stated that it would continue to update the market when the Company had better clarity, without specifying any other dates.

In advance of, and following the announcement on 31 August 2017 of the Company entering into the term sheet with certain potential investors, the Oslo Stock Exchange was in dialogue with the Company regarding the progress of having the 2016 audited annual report and the half-yearly report for 2017 published. During this communication, the Company stated to the Exchange that they foresaw that they would be in a position to publish the outstanding mandatory financial reports within due course, as a financial solution appeared to be reached soon.

Due to the financial reports not having been published in the weeks following this dialogue, the Oslo Stock Exchange sent an e-mail to the Company on 15 September 2017²⁵ where it was advised that the Exchange had decided to recommence the delisting process due to the ongoing breaches of the obligation to disclose the said financial reports. The Exchange also requested time specific indications of when the compliance with the financial reporting requirements could be restored and recommended the Company to publish the audited annual report for 2016 and the half-yearly report for 2017 within 25 September 2017.

On 22 September 2017, the Company replied that it was still working on the financial restructuring that would provide more clarity on the Company being able to operate on a going concern basis. The Company advised that the restructuring still remained unsolved and that the Company's accounts therefore could not be finalized and signed-off within the recommended deadline advised by the Exchange. The Company stated that it intended to publish the audited annual report for 2016 by 8 December 2017.

²⁵ The e-mail correspondence between the Company and the Oslo Stock Exchange between 15 September 2017 and 23 October 2017 is attached as [Appendix 2](#)

On 5 October 2017²⁶, the Company released a stock exchange notice which stated that the Company would recommence its financial reporting. The Company informed that the 2016 audited annual report, the Q2-report for 2017 and the Q3-report for 2017 had not been published due to the financial difficulties experienced by the Company. It was furthermore stated that the Company believed that the completion of the contemplated restructuring would resolve the financial challenges of the Company and thereby enable the Company to be in a position to publish the audited financial and the unaudited quarterly financials.

The Company underlined that there was no certainty or assurance that any definitive agreements with the potential investors in the contemplated restructuring would be entered into. However, the Company stated that the restructuring exercise still provided a basis for the Company to proceed to finalize its 2016 audited annual financial report and quarterly unaudited financial reports pending the completion of the contemplated restructuring. The date for the release of the preliminary results for the financial year 2017 (1 September – 31 August 2017) was informed to be published on 30 November 2017, which implied a delay of one month compared to what was released in the stock exchange notice of 5 October 2017. The Company also announced that the 2016 audited annual report would be released on 8 December 2017.

On 17 October 2017, the Oslo Stock Exchange sent an e-mail to the Company with question of when the half-yearly report of 2017 and the audited annual report for 2017 would be published. The Company responded on 21 October 2017 and stated it did not intend to publish the half-yearly report for 2017 and that they envisaged that there would be a delay of the publication of the 2017 audited annual report of a couple of months.

The Oslo Stock Exchange responded on 23 October 2017 and gave the Company a deadline to 8 December 2017 to correct the violations of the delayed 2016 audited annual report and the half-yearly report for 2017, cf. section 15.1 (5) of the Continuing Obligations. It was also highlighted by the Exchange that no further headroom would be given as to violations of future deadlines for mandatory financial reporting. The Exchange informed the Company that violations and delays of these deadlines would result in immediate steps from Oslo Stock Exchange in respect of an assessment of the Company's suitability for listing, which could result in a delisting of the Company's shares within a short time frame.

On 30 November 2017, the Company published a stock exchange notice²⁷ where it stated that it would publish its audited annual report for 2016 on 6 December 2017 and its half-yearly report for 2017 on 8 December 2017.

On 6 December 2017, the Company published a stock exchange notice²⁸, where it informed that there was a delay of the finalization of the 2016 audited annual report and was expected to be completed within a the next few days.

On 8 December 2017, the Company published the audited annual report for 2016. The half-yearly report was published on 13 December 2017.

²⁶ <http://www.newsweb.no/newsweb/search.do?messageld=435958>

²⁷ <http://www.newsweb.no/newsweb/search.do?messageld=439803>

²⁸ <http://www.newsweb.no/newsweb/search.do?messageld=440192>

On 13 December 2017, the Company published a stock exchange release²⁹ where it stated that is currently working on the unaudited financial report for the second half of 2017, as well as the audited annual report for 2017. The Company stated that the respective release dates would be updated in due course.

On 31 December 2017, the deadline for publication of the audited annual report for 2017 expired without the Company having published the report.

On 2 January 2018³⁰, the Oslo Stock Exchange sent an e-mail to the Company requesting an update on the status of the publication of the annual report for 2017. The Company replied on 5 January 2018 and stated that they were working closely with the auditor to releasing the annual report as soon as possible. The Company requested that it would update the market and the Oslo Stock Exchange in early February 2018 when they would have more clarity on the restructuring process.

3.6 The Oslo Stock Exchange's handling of this case

On 9 January 2018, the Oslo Stock Exchange sent an e-mail to the Company informing that an assessment would be made as to the breaches of the mandatory financial reporting obligations and the uncertainty of the reporting obligations going forward. The Company sent an e-mail on 17 January 2018 and provided an update on the contemplated process for financial reporting.

On 11 January 2018, the Oslo Stock Exchange sent an advance notice of delisting to the Company where the deadline for the Company to provide comments was set to 29 January 2018.

On 29 January 2018, the Company sent their comments to the advance notice to the Oslo Stock Exchange³¹.

4. Legal background

Section 25 (1) of the Stock Exchange Act, cf. section 15.1 (1) of the Continuing Obligations, states:

"A regulated market may resolve that a financial instrument is to be suspended from listing or removed from listing if it no longer satisfies the regulated market's business terms or rules, or if other special reasons so warrant. However, a regulated market cannot suspend from listing or delist a financial instrument if this can be expected to cause material disadvantage for the owners of the instrument or for the market's duties and function."

Furthermore, section 15.1 (2) of the Continuing Obligations states:

"If the company has grossly or repeatedly violated the provisions of stock exchange legislation or the Stock Exchange Rules, this shall in general be regarded as a sufficient reason that may call for delisting of the company's shares."

²⁹ <http://www.newsweb.no/newsweb/search.do?messageId=440686>

³⁰ E-mail correspondence between the Company and the Oslo Stock Exchange between 2 January 2018 and 17 January 2018 is attached as [Appendix 3](#)

³¹ The Company's comments to the advance notice is attached as [Appendix 4](#)

In terms of the deadline for public disclosure of the annual report, it follows from section 4.5 of the Continuing Obligations, cf. the section 5-5 of the STA, that the annual report shall be made public at the latest four months after the end of each financial year.

With regard to the deadline for public disclosure of the half-yearly report, this shall be made public as soon as possible after the end of the relevant period, and not later than two months thereafter, cf. section 4.3 of the Continuing Obligations, cf. section 5-6 of the STA.

5. The Company's account of the matter

The Company's has throughout the process stated that the reason for why they have not been able to release their financial reports within the required deadlines is that they are in a refinancing process due to a financial challenging situation for the Company. The Company has argued that the difficulties in fulfilling its financial reporting requirements are due to a cause that is beyond its power and control. The finalization and issue of the audited financial statements and reports are subject to the auditors' view that there are sufficient audit basis to assess the going concern of the Company. In addition, the Company has stated that they have increasingly lean manpower and resources, and has prioritized pursuing a restructuring plan to provide the cashflow required for repayment of its obligations.

The Company has in its comments to the advance notice given an account on the steps taken to resolve the uncertainty in relation to its restructuring process, including an effort to expedite the scheduled hearing in the Scheme Application process which is currently scheduled to take place on 19 March 2018. If the Scheme Applications are granted by the Singapore High Court, subsequent creditor meetings to consider and if thought fit, approve the Scheme Applications. If the Scheme Applications are granted by the Singapore High Court, the creditor meetings are expected to be held no later than within the next three months. The Company envisages that the outcome of the Scheme Applications and subsequent creditors meetings will provide clarity on the Company's business being retained in any significant form.

In turn, the outcome of the Scheme Applications and the creditors meetings will also address the Company's auditor's current concerns about the uncertainty regarding the restructuring process. In the mean time, the Company has been working with the auditors to progress the audit process to the best of its ability taking into account the limited resources.

On 30 January 2018, the Company sent an e-mail³² to the Exchange and stated that they had managed to bring the pre-trial conference under the Scheme Application process to 1 February 2018 (from originally scheduled 22 February 2018). The Company stated that the pre-trial conference was meant for the Company's counsel to make the case for an earlier Court Hearing date (ideally by mid-February as opposed to currently scheduled 19 March 2018) to consider the applications to convene the creditors' meeting as soon as it is practicable to vote on the restructuring schemes.

The Company has stated in its comments to the advance notice that they are working together with its auditors towards a release of its audited annual report for 2017 by 30 April 2018 and a release of its half-yearly report for 2018 by end June 2018.

In addition, the Company has stated that they are working towards an announcement of unaudited financial statements for the second half of 2017 and the full year 2017 by 23 March 2018.

³² E-mail from the Company to the Oslo Stock Exchange of 30 January 2018 is attached as [Appendix 5](#)

6. The Oslo Stock Exchange's assessment

The Oslo Stock Exchange does continuously monitor the issuers' compliance with the applicable disclosure obligations on the Exchange's market places. The Oslo Stock Exchange considers this work to be of high importance for maintaining the integrity of the market place. A well-functioning market is characterized by all market participants having access to the same information from the issuers at the same time so that investment decisions can be made on the same basis. This contributes to a correct pricing of the relevant financial instruments. The quality of the marketplace is accordingly affected negatively when financial information is disclosed to the market later than what is stipulated in the rules of the marketplace.

Financial information is a key factor in the information regime for listed companies, and constitutes an important part of the Company's duty to provide correct and updated information to the market. Failure to comply with the financial reporting requirements is in itself considered to be a gross breach of the Continuing Obligations and the securities law and regulations, cf. section 15.1 (2) of the Continuing Obligations.

Given the recent change in the rules regarding publication of quarterly reports, where the number of mandatory financial reports has been reduced, the Exchange is on a general basis of the opinion that the remaining mandatory financial reports, i.e. the audited annual report and the half-yearly report, have become increasingly important for the market participants.

As accounted for under section 3.1 above, the Company's audited annual report for 2016 should have been made public no later than 31 December 2016 and the half-yearly report should have been made public no later than 30 April 2017. The reports were not published before 8 and 13 December 2017, which entailed a delay of approximately 11 and 7 months, respectively.

For the market participants and the Company's investors, this implies that the Company did not publish any audited financial information between the 2015 annual report, which was published on 30 November 2015, and publication of the 2016 annual report on 8 December 2017. Furthermore, the Company did not publish any financial reports in the period between the publication of the Q1-report for 2017 (1 September – 30 November 2016) which was published on 10 January 2017, and the publication of the 2016 annual report on 8 December 2017.

The Company has accordingly not published financial reports as required by law and stock exchange rules on two successive occasions, and the delays were significant. In addition, the Company has given the market several expectations of voluntary interim financial reports which have not been published within in the announced dates.

In addition, the significant delay of the publication of the audited annual report for 2016 and half-yearly report for 2017 entailed that the Company was in breach of the obligation to publish its audited annual report for 2017 only shortly thereafter. The Company has stated that it is working towards publishing its audited annual report for 2017 within 30 April 2018 and its half-yearly report for 2018 within end-June of 2018. The deadline for publishing the audited annual report for 2017 was 31 December 2017 and the deadline for publishing the half-yearly report for 2018 will be 30 April 2018.

The Oslo Stock Exchange considers the successive breaches of the financial reporting obligations over such a long time period to be gross. In addition, the Company has recently violated the deadline of the

publication of the audited annual report for 2017. Although the latest delay is not significant as of the date hereof, the Company's prior significant delays indicates that the situation will not be corrected in due course. The Company has stated that they are working together with the auditor towards publishing the audited annual report for 2017 by 30 April 2018. Even if these targeted dates should be met, it entails a delay of four months in terms of the audited annual report for 2017 and two months in terms of the half-yearly report for 2018. However, the Exchange is critical of the realism of the Company publishing the said reports within these targeted dates.

As accounted for under section 3.5 above, the Company gave the Oslo Stock Exchange several assurances during the summer of 2017 that the financial reporting would recommence in due course. However, later developments showed that the Company, contrary to its assurances to the Exchange, was not in a position to correct the violations within time period as originally communicated to the Exchange. The Company has made several promises of corrections which have been further delayed on several occasions. The Exchange has accordingly given the Company a number of opportunities to correct the breaches, where the Company has not followed-up its assurances within the original stipulated time line. The Exchange's trust in the Company's promises and assurances to correct its outstanding breaches and comply with its reporting obligations going forward, is therefore significantly weakened.

The Company has explained that it due to the financial situation has limited manpower and resources which affects its ability to comply with its financial reporting obligations on the Exchange. The Oslo Stock Exchange acknowledge that this is a difficult situation, but the Exchange is dependent on having issuers with sufficient capacity to comply with the obligations that apply to issuers with securities listed on the Exchange. It follows from section 2.3.4 (3) of the Listing Rules that the company must have procedures in place and be organized to ensure that the company's management and the officers responsible for disclosing information to the market become aware of essential information without undue delay. This rule also applies as a continuing obligation, cf. section 2.3 of the Continuing Obligations. The Exchange is further of the opinion that the Company has been given a reasonable period of time to correct its violations of mandatory financial reporting and demonstrate that they will comply with its obligations as a listed company going forward.

In addition, the Company's ability to comply with its mandatory financial reporting obligations has been, and is likely to, be affected by the Company's on-going restructuring process, which is subject to uncertainty as disclosed in the Company's stock exchange notices and accounted for in the Company's comments to the advance notice. The Company has also only given dates it is targeting of publishing the reports within, as the Company cannot give an assurance that it will actually be able to do so. The Exchange therefore considers that there is a significant risk that both the court proceedings in Singapore and the on-going and future discussions with the Company's creditors will lead to further postponements of the Company's targeted dates of publishing its audited annual report for 2017 and its half-yearly report for 2018. The Exchange is accordingly of the opinion that the Company has not been able to demonstrate a realistic plan for complying with its financial reporting obligations going forward.

The Company has argued that it is in a challenging financial situation that complicates its processes related to financial reporting and that the progress is dependent on factors outside the control of the Company. Although the Exchange understands the difficulties the Company and other listed companies with exposure to the oil price have faced over the past years, the Exchange would like to emphasize that the rules on mandatory financial reporting apply regardless of what kind of situation

the issuer is in. The Exchange does accordingly not consider that the Company has any grounds for not complying with these obligations. It shall also be noted that the STA does not include any provision where the NFSA can grant an exemption from the obligation to disclose the audited annual report and the half-yearly report within the stipulated deadlines.

Several of the companies listed on the Oslo Stock Exchange have been subject to extensive restructuring efforts over the past years. The Exchange acknowledges the complexity in such situations and understands that certain restructurings may be more demanding than others. However, in general other companies subject to such processes have maintained the financial reporting in line with the provisions of the STA. The Exchange has not seen any cases among companies subject to restructuring processes where the deadlines of the STA have been violated as grossly as in this case.

The rules of mandatory financial reporting are as mentioned key obligations for a listed issuer on the Oslo Stock Exchange, and compliance with these rules are essential when considering whether an issuer is suitable for listing. The Exchange therefore finds it necessary to assess whether the Company's shares are suitable for listing on the Oslo Stock Exchange. Pursuant to section 15.1 (1) and (2), the Oslo Stock Exchange may delist a financial instrument from listing on the Oslo Stock Exchange in case of gross and sustained breach of the Continuing Obligations.

The Company's inability to comply with the mandatory financial reporting over such a long period of time, indicates in the opinion of the Exchange that the Company is not in a position to comply with its financial reporting obligations going forward. As mentioned above, the Oslo Stock Exchange considers the successive breaches of the financial reporting obligations over such a long time period to be gross.

In addition, the Company has not implemented any measures to satisfy the requirement of a market value of at least NOK 1 per share, as accounted for under section 3.2 above, although the Exchange has granted several extensions of the initial four month deadline pursuant to section 2.4 of the Continuing Obligations.

The Oslo Stock Exchange will only delist a company that has not applied for delisting itself in extraordinary situations. The Exchange and the Stock Exchange Appeals Committee have previously reacted to relatively short violations of the deadline for public disclosure of financial reports quite strictly.

On 29 August 2009, the Oslo Stock Exchange resolved to delist the shares of CanArgo Energy Corporation ("**CanArgo**") from the Oslo Stock Exchange³³. CanArgo had not made public the audited annual report for 2008 close to four months after the expiry of the deadline and was not able to state when they would be able to publish the report. CanArgo was also in breach of the minimum requirement of market value per share. Similar to this case, CanArgo was in a difficult financial situation, however, this was not taken into consideration by the Exchange as a mitigating circumstance when resolving the delisting.

On 24 September 2014, the Oslo Stock Exchange resolved to delist the shares of Transeuro Energy Corporation ("**Transeuro**") from Oslo Axess. Transeuro had not made public the audited annual report for 2013 close to five months after the expiry of the deadline, and the quarterly report for the first and second quarter of 2014 was also delayed, which was mandatory at such time. In addition, the Company had not published the annual statement of reserves for oil and natural gas companies and was also in

³³ «Vedtak og uttalelser 2009» page 31

breach of the minimum requirement of market value per share. The Company was not able to demonstrate a realistic plan for correction of the violations. Transeuro appealed the resolution of the Oslo Stock Exchange to the Stock Exchange Appeals Committee, which upheld the resolution by the Oslo Stock Exchange on 18 November 2014³⁴. Transeuro was also in a difficult financial situation and had, amongst other things, argued that the violations were due to circumstances outside its control. However, this was not taken into consideration by the Appeals Committee as a mitigating circumstance when resolving the delisting.

There are no cases on the Oslo Stock Exchange where the violation of the deadline for the publication of the audited annual report has been as gross as in this case. The Company's inability to complete and publish the annual report and half-yearly report within the deadlines constitutes a gross violation of section 4.5 and 4.3 of the Continuing Obligations and section 5-5 and 5-6 of the STA. This is further enhanced by the fact that the Company has not been able to demonstrate that they are in a position to comply with the deadlines of its mandatory financial obligations going forward.

Pursuant to section 25 (1) second sentence of the Stock Exchange Act, cf. section 15.1 (1) second sentence of the Continuing Obligations, the Exchange cannot delist a financial instrument if this can be expected to cause material disadvantage for the shareholders or for the market's duties and function. This implies that a wide discretion has to be made as to the reasons for and against delisting when making the assessment of delisting. The interest of the Exchange and the market in being able to delist issuers which repeatedly and grossly violate key reporting rules must be weighed against the shareholders' interest in a continued listing.

The Company has 439,672,754 outstanding shares and 963 shareholders, where a majority is Norwegian shareholders. In the period from 1 January 2017 and up to the suspension of trading in the Company's shares on 3 March 2017, there were 1,775 trades in the Company's shares. The trading in the period totaled 20.5 million shares with NOK 11.3 million in trading value. The Company's share price declined from NOK 0.79 per share on 1 January 2017 and to NOK 0.29 per share on 3 March 2017. Based on the last trading in the Company's shares on 3 March 2017, the Company has a market value of approximately NOK 125 million.

The Company has stressed towards the Exchange the sizeable number of shareholders who would be locked-in if the Company's shares are delisted from trading. The Company has stated that it would be in the best interest of their shareholders that the Company remained listed, albeit suspended, throughout the restructuring efforts, both with respect to access to information and to the likelihood of a successful outcome of the restructuring process.

The Oslo Stock Exchange is of the opinion that a delisting generally will represent disadvantage for the shareholders of the Company as this implies that investors will lose the security from organized trading, such as the Company's disclosure obligations, financial reporting, disclosure of large shareholdings (Nw. *flaggeplikt*), mandatory offer rules etc.

The Exchange notes that the Company does provide the market with regular updates in stock exchange releases and in particular about the restructuring process. The Exchange considers that the level of information from the Company to its shareholders therefore likely will be reduced as a consequence of a delisting. In addition, the shareholders will in principle lose their ability to trade their shares on a

³⁴ «Vedtak og uttalelser 2014» page 49

regulated market, although this has certain limited significance in this case as the Company's shares are suspended from trading.

However, a listed company must fulfill certain minimum requirements to ensure sufficient quality of the market places of the Oslo Stock Exchange. The Exchange is highly dependent on integrity and trust in the Exchange and the market's duties and function. The Exchange finds that a continuing listing of the Company's shares without the Company complying with its financial reporting obligations as a stock exchange listed company is of more disadvantage to the Exchange and the market's duties and function than a delisting will have for the shareholders of the Company.

An important part of a listing is the publication of financial information from the Company to its investors, which in this case are the shareholders. The release of financial information from a company with listed securities must be organized and predictable. When the Company fails to comply with the regulatory framework that is intended to regulate such timely flow of information, this contributes to a reduced value of the listing for the shareholders. Given the Company's outstanding and delayed financial reporting, the listing does not provide the shareholders with the protection it is intended to give.

In addition, the Oslo Stock Exchange notes that when the audited annual report for 2016 was published on 8 December 2017, the auditor was not able to give an opinion on the financial statements due to it not being able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. The Exchange finds this concerning, and considers that it reduces the value of the audited financial reporting for the shareholders. The Exchange would in this regard like to emphasize that the concern is not related to the auditor giving a qualified opinion or an audit opinion containing emphasis of matters, as this is often the case for companies with financial difficulties. The concern of the Exchange is related to the fact that the auditor was not able to provide an audit opinion as such.

The Company has stated that the trading in the share has been halted for a longer time period which limits the risk for trading based on wrongful information. In this regard, the Exchange would like to point out that suspension of trading is regarded as a temporary measure and generally not considered suitable to be in effect over a long time period as has been done in this case. Furthermore, the Exchange would like to emphasize that the suspension of trade is used by the Exchange as a temporary measure with the aim of the Company correcting the ongoing violations of the mandatory financial reporting. A suspension of trade is accordingly not a valid reason for continuing a listing where the Exchange considers that the issuer is not suitable for listing.

As mentioned above, the Exchange is further of the opinion that the Company has been given a reasonable period of time to correct its violations of mandatory financial reporting and demonstrate that they will comply with its obligations as a listed company going forward, cf. section 15.1 (5) of the Continuing Obligations.

Following an overall assessment of the above, the Exchange is of the opinion that the Company's shares are not suitable for listing on the Oslo Stock Exchange. In this assessment, the Exchange has emphasized the repeated and ongoing breaches of the rules on mandatory financial reporting. Furthermore, the Company has not been able to show specific measures implemented by the Company that will secure compliance with the rules going forward. The Exchange's trust in the Company's assurances of future reporting is also weakened.

The Oslo Stock Exchange's assessment is that this, combined with the extensive violations of the financial reporting rules, implies that there is a non-insignificant risk of future breaches of the financial reporting rules. At the same time, and as stated above, the Exchange believes that delisting will not cause material disadvantage for the shareholders or for the market's duties and function. This supports the Exchange's conclusion that the Company's shares are not suitable for listing on the Oslo Stock Exchange. The Exchange does not consider any other available types of reactions pursuant to chapter 15 of the Continuing Obligations appropriate in this case. The Exchange has therefore resolved to delist the Company from trading on the Oslo Stock Exchange.

When determining the date for delisting, the implementation date for delisting shall in accordance with section 15.1 (7) of the Continuing Obligations and the Exchange's practice give the Company and its shareholders a reasonable period to adjust to the fact that the Company's shares no longer will be listed on the Exchange. The delisting will accordingly be implemented from and including 30 April 2018. The last day of listing will be 27 April 2018.

Based on the above, the Oslo Stock Exchange has on 16 February 2018 passed the following resolution:

"The Oslo Stock Exchange considers that the EMAS Offshore Limited, issuer of shares with ISIN SG1AD2000008, is not suitable for listing on the Oslo Stock Exchange, and has resolved to delist the shares from trading, cf. section 15.1 of the Continuing Obligations and section 25 (1) the Stock Exchange Act. The last listing date for the Company's shares will be 27 April 2018."