



3rd Quarter FY2009

8th July 2009

EOC LIMITED

Unaudited Consolidated
Financial Information

1. Introduction

EOC Limited (“EOC” or the “Company”) was incorporated in the Republic of Singapore on 7th February 2007 with the objective of being a contractor for construction and production services in the offshore oil and gas industry.

2. Company Profile

EOC is the leading owner and operator of floating production storage and offloading vessels (“FPSOs”) and offshore construction services and installation services contractor based in Asia. We add value throughout the life cycle of oil and gas production, from exploration, to facility development, production, operations, maintenance and abandonment. We operate in Malaysia, Brunei, Thailand, Philippines, Middle East, India, and Australia with 4 focused business segments, namely:

- Floating production storage and offloading systems;
- Pipe lay, heavy lift, transportation and installation;
- Offshore accommodation services and marine support services; and
- Engineering and project management of turret mooring systems, heavy lift, transport and installation.

This unique integration of engineering, offshore construction, operation of FPSOs and marine support vessels differentiates EOC from its competitors. By offering synergies and cost savings through the life of the field development, EOC will be able to competitively position itself as an integrated solutions provider for the offshore energy sector.

3. Strategy

As a young company, we focus on establishing a strong foundation based on core fundamentals and capabilities, from which we can build on for our growth for years to come.

Our main business strategy for the construction and accommodation division is to secure long-term high visibility contracts for our vessels. Through planning, risk-management, and market positioning, we are able to capitalize on the attractive contracts of the construction market.

For the production division, our business strategy of targeting independent and national oil majors and positioning for potential strategic alliances with local companies has proven to be very effective. Though our alliances with various international parties, we have received strong interest to provide floating production solutions within South-East Asia. A stable and strong growth in this business division is expected in the medium term.

4. Outlook

The medium to long term global demand for energy remains stable and robust despite the current demand contraction caused by the current global financial situation. The outlook for offshore support and construction vessels is expected to remain healthy in the medium term, with demand coming from the activities in the exploration and production segment. Our Group's young and well-equipped fleet gives us a strong and distinct advantage against the aging vessels of our competitors. As our vessels are fitted with the latest technology, EOC is capable of undertaking inspection, maintenance and repair, and construction projects demanded by the industry.

At present, we have a FPSO under commissioning. This FPSO is expected to contribute significantly to our revenue and earnings by 4th quarter FY2009 onwards.

5. Information on Financial Performance and Condition

Profit and loss

The discussions below refer to the 3 months period ended 31st May 2009 (“3Q FY2009”) and the corresponding figures for 31st May 2008 (“3Q FY2008”) for the Group’s consolidation financial information. The discussions should be read in conjunction with the 1st quarter announcement for the period end 30th November 2008 released on 14th January 2009 and the 1st half announcement for the period ended 28th February 2009 released on 8th April 2009, to obtain an overall understanding of the 9 months year to date results.

Revenue

Revenue for 3Q FY2009 was USD19.9 million, representing a decrease of USD3.6 million from USD23.5 million in 3Q FY2008. The decrease was mainly due to the absence of revenue earned from the construction projects undertaken by Lewek Champion in 3Q FY2008 of approximately USD5.9 million which was replaced by a time charter contract in the current period.

Gross profit

Gross profit of the Group for 3Q FY2009 was relatively stable at USD10.0 million, compared to USD10.2 million in 3Q FY2008 despite the reduction in revenue. This resulted in improvement of gross margin from 43.5% in 3Q FY2008 to 50.3% in 3Q FY2009. The increase in gross margin was mainly due to better returns from the time charter contracts for Lewek Champion in 3Q FY2009, compared to the low margin on construction project as it involved procurement of materials and third party services on behalf of customers.

Other operating expense, net

Other operating expense (net) increased from USD135,000 in 3Q FY2008 to USD666,000 in 3Q FY2009. This change was mainly due to the foreign exchange loss of USD701,000 resulting from the appreciation of SGD and MYR dollar against the USD dollar.

Administrative expenses

Administrative expenses was relatively stable at USD2.2 million for 3Q FY2009 and 3Q FY2008.

Financial income

Financial income mainly relates to interest income derived from cash and fixed deposit accounts placed in banks; as well as late payment interest derived from outstanding balances from customers.

Financial expense

Financial expenses largely relate to interest on bank term loans incurred in financing our vessels. The decrease in financial expenses from USD1.7 million in 3Q FY2008 to USD1.2 million in 3Q FY2009 was mainly due to decrease in average effective interest rates applicable to the bank loans.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting periods.

Balance sheet

The discussions below refer to the financial condition of the Group as at 31st May 2009 and 31st August 2008.

Total assets

Total assets for the Group as at 31st May 2009 and 31st August 2008 amounted to USD552.7 million and USD439.9 million respectively. The increase in total assets was mainly due to additions to property, plant and equipment by USD89.2 million for the 9 months period ended 31st May 2009 ("9M FY2009"). In addition, other receivables and prepayments increased by USD16.0 million from USD1.6 million as at 31st August 2008 to USD17.6 million as at 31st May 2009. The increase was mainly due to advance payments made for the purchase of equipments and services.

Cash and bank balances has increased by USD18.9 million, from USD24.2 million as at 31st August 2008 to USD43.0 million as at 31st May 2009. The increase was mainly due to the drawdown of loan facilities for the purpose of financing the vessel construction cost.

The increase in property, plant and equipment as mentioned in the first paragraph was financed by the drawdown of bank facilities. Drawdown of bank loans, net of loans repayment, for the 9 months period ended 31st May 2009 amounted to USD91.1 million.

6. Consolidated profit and loss for the Group (in USD thousands)

	3 months ended 31 st May 2009	3 months ended 31 st May 2008	% Increase/ (Decrease)	9 months ended 31 st May 2009	9 months ended 31 st May 2008	% Increase/ (Decrease)
Revenue	19,862	23,506	(15.5%)	54,121	80,258	(32.6%)
Cost of sales	(9,870)	(13,272)	(25.6%)	(25,526)	(47,664)	(46.4%)
Gross profit	9,992	10,234	(2.4%)	28,595	32,594	(12.3%)
Other operating expense, net	(666)	(135)	393.3%	(407)	(268)	51.9%
Administrative expenses	(2,211)	(2,221)	(0.5%)	(7,546)	(6,075)	24.2%
Profit from operations	7,115	7,878	(9.7%)	20,642	26,251	(21.4%)
Financial income	83	71	16.9%	522	318	64.2%
Financial expenses	(1,150)	(1,651)	(30.3%)	(4,626)	(6,089)	(24.0%)
Profit before income tax	6,048	6,298	(4.0%)	16,538	20,480	(19.2%)
Income tax	(124)	(338)	(63.3%)	(469)	(2,134)	(78.0%)
Profit for the financial period	<u>5,924</u>	<u>5,960</u>	(0.6%)	<u>16,069</u>	<u>18,346</u>	(12.4%)
Earnings per share (cents)						
Basic and diluted	<u>5.34</u>	<u>5.37</u>		<u>14.48</u>	<u>16.53</u>	

Notes:

Profit for the period is arrived at after charging the following:

	3 months ended 31 st May 2009	3 months ended 31 st May 2008	% Increase	9 months ended 31 st May 2009	9 months ended 31 st May 2008	% Increase
Exchange loss	701	160	338.1%	431	387	11.4%
Depreciation	2,107	1,850	13.9%	5,933	5,547	7.0%

7. Consolidated Balance Sheet for the Group (in USD thousands)

	As at 31 st May 2009	As at 31 st August 2008	% Increase / (Decrease)
Non-current asset			
Property, plant and equipment	452,457	369,188	22.6%
Current assets			
Trade receivables	22,485	27,085	(17.0%)
Other receivables and prepayments	17,627	1,590	1,008.6%
Inventories – bunker stock	1,307	1,739	(24.8%)
Amounts due from related parties (trade)	6,160	4,937	24.8%
Amounts due from related parties (non-trade)	9,633	11,115	(13.3%)
Derivative financial instruments	17	56	(69.6%)
Fixed deposits	32,636	7,120	358.4%
Cash and bank balances	10,407	17,047	(39.0%)
Total current assets	100,272	70,689	41.8%
Total assets	552,729	439,877	25.7%
Current liabilities			
Trade payables	6,308	13,380	(52.9%)
Other payables and accruals	19,692	22,057	(10.7%)
Premium payable	116	138	(15.9%)
Amounts due to related parties (trade)	11,595	-	n.m
Amounts due to related parties (non-trade)	4,873	38	12,723.7%
Bank term loans	46,081	16,723	175.6%
Derivative financial instruments	1,507	190	693.2%
Deferred income	861	500	72.2%
Provision for taxation	901	2,411	(62.6%)
Total current liabilities	91,934	55,437	65.8%
Non-current liabilities			
Premium payable	111	228	(51.3%)
Bank term loans	302,686	240,947	25.6%
Amounts due to a related party (non-trade)	32,800	32,800	-
Total non-current liabilities	335,597	273,975	22.5%
Equity attributable to equity holders			
Share capital	94,578	94,578	-
Hedging deficit	(1,345)	(9)	14,844.4%
Restructuring deficit	(31,191)	(31,191)	-
Accumulated profits	63,156	47,087	34.1%
Total equity	125,198	110,465	13.3%
Total liabilities and equity	552,729	439,877	25.7%

n.m – Not meaningful

8. Statement of Changes in Equity

(i) *Statement of changes in equity for 9 months period ended 31st May 2009 (in USD thousands)*

	Share capital	Hedging deficit	Restructuring deficit	Accumulated profits	Total equity
At 1 September 2008	94,578	(9)	(31,191)	47,087	110,465
Net change in hedging reserve	-	(1,336)	-	-	(1,336)
Net profit for the period	-	-	-	16,069	16,069
At 31 May 2009	94,578	(1,345)	(31,191)	63,156	125,198

(ii) *Statement of changes in equity for 9 months period ended 31st May 2008 (in USD thousands)*

	Share capital	Hedging reserve	Restructuring deficit	Accumulated profits	Total equity
At 1 September 2007	94,578	122	(31,191)	24,062	87,571
Net change in hedging reserve	-	(120)	-	-	(120)
Net profit for the period	-	-	-	18,346	18,346
Dividends	-	-	-	(2,263)	(2,263)
At 31 May 2008	94,578	2	(31,191)	40,145	103,534

9. Consolidated Cash Flow Statements (in USD thousands)

	3 months ended		9 months ended	
	31 st May 2009	31 st May 2008	31 st May 2009	31 st May 2008
Net cash flow from operating activities	1,060	219	31,032	8,167
Net cash flow used in investing activities	(24,266)	(24,181)	(103,111)	(84,489)
Net cash flow (used in) from financing activities	(1,598)	30,298	68,429	74,571
Net (decrease) increase in cash and cash equivalents	(24,804)	6,336	(3,650)	(1,751)
Cash and cash equivalents at beginning of financial period	34,366	7,043	13,212	15,130
Cash and cash equivalents at end of financial period	9,562	13,379	9,562	13,379

Note 1:

Breakdown of cash and cash equivalents are as follows:

	As at	
	31 st May 2009	31 st May 2008
Fixed deposits	32,636	9,519
Cash and bank balances	10,407	7,400
	43,043	16,919
Less: Amount pledged / restricted in use	(33,481)	(3,540)
Cash and cash equivalents	9,562	13,379

10. Segment Information

The Group is organised into two main operating divisions, namely Construction and accommodation division and Production division.

Business segment

The Production division has not commenced operation in 3Q FY2009. The results in 3Q FY2009 relate to construction and accommodation division.

The following table presents assets, liabilities and other segment information regarding the Group's business segments for the financial period/year ended 31st May 2009 and 31st August 2008 (presented in USD thousands):

	Construction and accommodation		Production		Total	
	As at 31 st May 2009	As at 31 st August 2008	As at 31 st May 2009	As at 31 st August 2008	As at 31 st May 2009	As at 31 st August 2008
Assets:						
Segment assets	198,279	191,424	295,614	208,234	493,893	399,658
Unallocated assets					58,836	40,219
Total assets					552,729	439,877
Liabilities:						
Segment liabilities	28,547	38,643	949	261	29,496	38,904
Bank term loans	171,017	103,670	177,750	154,000	348,767	257,670
Unallocated liabilities					49,268	32,838
Total liabilities					427,531	329,412

	Construction and accommodation		Production		Total	
	9 months ended 31 st May 2009	9 months ended 31 st May 2008	9 months ended 31 st May 2009	9 months ended 31 st May 2008	9 months ended 31 st May 2009	9 months ended 31 st May 2008
Other information:						
Capital expenditure	4,278	224	84,924	84,265	89,202	84,489
Depreciation	5,933	5,547	-	-	5,933	5,547

Geographical segment

Revenue, segment assets and capital expenditure in geographical segments are presented below:

a) Revenue (in USD thousands) – Note 1

	9 months ended 31 st May 2009	9 months ended 31 st May 2008	% Increase/ (Decrease)
Singapore	30,348	9,720	212.2%
South East Asia (Note 2)	23,773	56,072	(57.6%)
Australia	-	14,466	(100.0%)
British Virgin Islands	-	-	-
Total	54,121	80,258	

b) Segment assets (in USD thousands) – Note 3

	As at 31 st May 2009	As at 31 st August 2008	% Increase/ (Decrease)
Singapore	469,361	378,389	24.0%
South East Asia (Note 2)	-	-	-
Australia	-	-	-
British Virgin Islands	24,532	21,269	15.3%
Unallocated	58,836	40,219	46.3%
Total	552,729	439,877	

c) Capital expenditure (in USD thousands) – Note 3

	9 months ended 31 st May 2009	9 months ended 31 st May 2008	% Increase/ (Decrease)
Singapore	89,202	84,489	5.6%
South East Asia (Note 2)	-	-	-
Australia	-	-	-
British Virgin Islands	-	-	-
Total	89,202	84,489	

Notes:

- 1) Revenue is based on the location of customers
- 2) South East Asia includes Brunei, Malaysia, Thailand and Philippines but excludes Singapore
- 3) Assets and capital expenditure are based on the location of the companies that own those assets

n.m – Not meaningful

11. Selected Notes to the Accounts

(i) Basis of preparation

This condensed consolidated financial information of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and method of computations used are in accordance with accounting policies and method computations used in the last annual report. The condensed consolidated interim financial information should be read in conjunction with the Group's FY2008 annual financial statements, which include a full description of the Group's accounting policies.

The consolidated financial information has been prepared on a historical cost basis, except for certain financial assets and financial liabilities which are stated at fair value.

The consolidated financial information has not been audited.

(ii) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the consolidated financial information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

(a) *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. 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.

(b) *Income taxes*

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

(iii) Functional and foreign currency

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in United State dollars, which is the Group's functional and presentation currency.

(b) *Foreign currency transactions and balances*

Transactions in a currency other than the respective functional currencies ("foreign currency") of the Company and its subsidiaries are recorded on initial recognition in the functional currencies at foreign exchange rates approximating those ruling at the dates of the transactions. Foreign currency monetary items are translated into the functional currency using foreign exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated into the functional currency using foreign exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary.

(iv) Principles of consolidation

The consolidated financial information comprises the financial information of the Company and its subsidiaries as at the balance sheet date. The financial information of the subsidiaries is prepared for the same reporting date as the parent company.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full on consolidation.

The consolidated financial information is prepared using uniform accounting policies for like transactions and other events of similar circumstances.

Subsidiaries are fully 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.

The consolidated financial information for the financial year ended 31st August 2007 was prepared using the “pooling of interest” method of accounting pursuant to the Restructuring Exercise in April 2007. There are no other acquisitions, other than incorporation of subsidiaries, subsequent to the Restructuring Exercise.

12. Key Financial Figures

	Notes	9 months ended 31 st May 2009	9 months ended 31 st May 2008
EBITDA (in USD thousands)		26,575	31,798
EBIT (in USD thousands)		20,642	26,251
Net interest bearing debt (in USD thousands)	A	338,751	218,036
Net tangible assets (in USD thousands)		125,198	103,534
Earnings per share			
– Basic and diluted (in USD cents)	B	14.48	16.53
Weighted average number of shares ('000)		110,955	110,955
Interest cover ratio	C	6.48	5.51
Debt equity ratio	D	2.71	2.11
Current ratio	E	1.09	1.24
Return on equity	F	13.6%	19.2%

Notes:

- A. Interest bearing debts less cash and bank balances and fixed deposits
- B. Net profit / Weighted average number of shares
- C. EBITDA / Net interest expenses
- D. Net interest bearing debts / Equity
- E. Current assets/ Current liabilities
- F. Net profit / Average book equity