



EOC LIMITED

**4th Quarter FY2009 and
Preliminary Full Year 2009**

**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 Australia, Brunei, Indonesia, Malaysia, Middle East, Philippines and Thailand in 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 is 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 has become more sustainable and robust with the stabilisation of the global economic and 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 bolstered by firming of oil and gas prices. 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 more capable of undertaking inspection, maintenance and repair, and construction projects demanded by the industry in challenging environments.

At present, we have a FPSO under commissioning. This FPSO is expected to contribute positively to our revenue and earnings by FY2010 onwards.

5. Information on Financial Performance and Condition

Profit and loss

The discussions below refer to the 3 months period ended 31st August 2009 ("4Q FY2009") and the corresponding figures for 31st Aug 2008 ("4Q FY2008") for the Group's consolidation financial information. The discussions should be read in conjunction with the past three quarters' announcements to obtain an overall understanding of the full year to date results.

Revenue

Revenue for 4Q FY2009 was USD17.5 million, representing a decrease of USD12.2 million from USD29.7 million in 4Q FY2008. The decrease was mainly due to the absence of revenue earned from charter of a third party vessel undertaken in 4Q FY2008 of approximately USD10.5 million.

Gross profit

Gross profit of the Group reduced to USD10.0 million in 4Q FY2009, as compared to USD13.2 million in 4Q FY2008. However, gross margin improved from 44.4% in 4Q FY2008 to 57.0% in 4Q FY2009. The increase in gross margin was mainly due to better returns from the time charter contracts for the vessels in 4Q FY2009.

Other operating expense/income, net

Other operating income (net) changed from USD263,000 in 4Q FY2008 to other operating expense of (net) of USD1.1 million in 4Q FY2009. This change was mainly due to marked to market fair value loss of USD1.2 million on interest hedging instrument associated with loan for vessel.

Administrative expenses

Administrative expenses decreased from USD4.0 million in 4Q FY2008 to USD2.7 million in 4Q FY2009. The change is mainly due to better management of overhead expenses, as well as in line with decrease in revenue.

Financial income

Financial income for 4Q FY2009 mainly relates to interest income derived from cash and fixed deposit accounts placed with the banks.

Financial expense

Financial expenses largely relate to interest on bank term loans incurred in financing our vessels. The decrease in financial expenses from USD1.6 million in 4Q FY2008 to USD1.4 million in 4Q 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.

The current income tax credit of USD142,000 was mainly due to overprovision of overseas tax in last year.

Balance sheet

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

Total assets

Total assets for the Group as at 31st August 2009 and 31st August 2008 amounted to USD598.8 million and USD439.9 million respectively. The increase in total assets was mainly due to additions to property, plant and equipment by USD107.8 million for the year ended 31st August 2009. In addition, other receivables and prepayments increased by USD17.8 million from USD1.6 million as at 31st August 2008 to USD19.4 million as at 31st August 2009. The increase was mainly due to advance payments made for the purchase of equipments and services.

Cash and bank balances has increased by USD51.3 million, from USD24.2 million as at 31st August 2008 to USD75.5 million as at 31st August 2009.

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 year ended 31st August 2009 amounted to USD120.7 million.

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

	3 months ended 31 st August 2009	3 months ended 31 st August 2008	% Increase/ (Decrease)	Year ended 31 st August 2009	Year ended 31 st August 2008	% Increase/ (Decrease)
Revenue	17,534	29,738	(41.0%)	71,655	109,996	(34.9%)
Cost of sales	(7,549)	(16,521)	(54.3%)	(33,075)	(64,185)	(48.5%)
Gross profit	9,985	13,217	(24.5%)	38,580	45,811	(15.8%)
Other operating expense, net	(1,112)	263	n.m.	(1,519)	(5)	n.m.
Administrative expenses	(2,676)	(4,046)	(33.9%)	(10,222)	(10,121)	1.0%
Profit from operations	6,197	9,434	(34.3%)	26,839	35,685	(24.8%)
Financial income	65	21	209.5%	587	339	73.2%
Financial expenses	(1,351)	(1,563)	(13.6%)	(5,977)	(7,652)	(21.9%)
Profit before income tax	4,911	7,892	(37.8%)	21,449	28,372	(24.4%)
Income tax	142	(950)	n.m.	(327)	(3,084)	(89.4%)
Profit for the financial period	<u>5,053</u>	<u>6,942</u>	(27.2%)	<u>21,122</u>	<u>25,288</u>	(16.5%)
Earnings per share (cents)						
Basic and diluted	<u>4.55</u>	<u>6.26</u>		<u>19.04</u>	<u>22.79</u>	

Notes:

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

	3 months ended 31 st August 2009	3 months ended 31 st August 2008	% Increase/ (Decrease)	Year ended 31 st August 2009	Year ended 31 st August 2008	% Increase/ (Decrease)
Exchange (gain)/loss	(117)	(439)	(73.3%)	314	(52)	n.m.
Depreciation	2,115	1,872	13.0%	8,048	7,419	8.5%
Fair value loss	1,261	200	530.5%	1,281	202	534.2%

n.m – Not meaningful

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

	As at 31 st August 2009	As at 31 st August 2008	% Increase / (Decrease)
Non-current asset			
Property, plant and equipment	468,941	369,188	27.0%
Current assets			
Trade receivables	20,047	27,085	(26.0%)
Other receivables and prepayments	19,380	1,590	1,118.9%
Inventories – bunker stock	-	1,739	(100.0%)
Amounts due from related parties (trade)	8,706	4,937	76.3%
Amounts due from related parties (non-trade)	6,179	11,115	(44.4%)
Derivative financial instruments	20	56	(64.3%)
Fixed deposits	62,078	7,120	771.9%
Cash and bank balances	13,427	17,047	(21.2%)
Total current assets	129,837	70,689	83.7%
Total assets	598,778	439,877	36.1%
Current liabilities			
Trade payables	2,971	13,380	(77.8%)
Other payables and accruals	34,342	22,057	55.7%
Premium payable	116	138	(15.9%)
Amounts due to related parties (trade)	8,992	-	n.m
Amounts due to related parties (non-trade)	6,891	38	18,034.2%
Bank term loans	48,032	16,723	187.2%
Derivative financial instruments	1,816	190	855.8%
Deferred income	500	500	-
Provision for taxation	642	2,411	(73.4%)
Total current liabilities	104,302	55,437	88.1%
Non-current liabilities			
Premium payable	92	228	(59.6%)
Bank term loans	330,378	240,947	37.1%
Amounts due to a related party (non-trade)	32,800	32,800	-
Total non-current liabilities	363,270	273,975	32.6%
Equity attributable to equity holders of the Company			
Share capital	94,578	94,578	-
Hedging reserve	(390)	(9)	4,233.3%
Restructuring deficit	(31,191)	(31,191)	-
Accumulated profits	68,209	47,087	44.9%
Total equity	131,206	110,465	18.8%
Total liabilities and equity	598,778	439,877	36.1%

n.m – Not meaningful

8. Statement of Changes in Equity

(i) *Statement of changes in equity for year ended 31st August 2009 (in USD thousands)*

	Share capital	Hedging reserve	Restructuring deficit	Accumulated profits	Total equity
At 1 st September 2008	94,578	(9)	(31,191)	47,087	110,465
Net change in hedging reserve	-	(381)	-	-	(381)
Net profit for the year	-	-	-	21,122	21,122
At 31 st August 2009	94,578	(390)	(31,191)	68,209	131,206

(ii) *Statement of changes in equity for year ended 31st August 2008 (in USD thousands)*

	Share capital	Hedging reserve	Restructuring deficit	Accumulated profits	Total equity
At 1 st September 2007	94,578	122	(31,191)	24,062	87,571
Net change in hedging reserve	-	(131)	-	-	(131)
Net profit for the year	-	-	-	25,288	25,288
Dividends	-	-	-	(2,263)	(2,263)
At 31 st August 2008	94,578	(9)	(31,191)	47,087	110,465

9. Consolidated Cash Flow Statements (in USD thousands)

	3 months ended		Year ended	
	31 st August 2009	31 st August 2008	31 st August 2009	31 st August 2008
Net cash flow from operating activities	6,765	13,612	37,797	21,779
Net cash flow used in investing activities	(3,928)	(62,244)	(107,039)	(146,733)
Net cash flow from financing activities	298	48,465	68,727	123,036
Net increase/(decrease) in cash and cash equivalents	3,135	(167)	(515)	(1,918)
Cash and cash equivalents at beginning of financial period/year	9,562	13,379	13,212	15,130
Cash and cash equivalents at end of financial period/year	12,697	13,212	12,697	13,212

Note 1:

Breakdown of cash and cash equivalents are as follows:

	As at	
	31 st August 2009	31 st August 2008
Fixed deposits	62,078	7,120
Cash and bank balances	13,427	17,047
Total	75,505	24,167
Less: Amount pledged / restricted in use	(62,808)	(10,955)
Cash and cash equivalents	12,697	13,212

10. Segment Information

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

Business segment

The Production division has not commenced operation in 4Q FY2009. The results in 4Q FY2009 relate to Construction division.

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

	Construction		Production		Total	
	As at 31 st August 2009	As at 31 st August 2008	As at 31 st August 2009	As at 31 st August 2008	As at 31 st August 2009	As at 31 st August 2008
Assets:						
Segment assets	195,299	191,424	-	-	195,299	191,424
Non-operating assets	-	-	313,089	208,234	313,089	208,234
Unallocated assets					90,390	40,219
Total assets					<u>598,778</u>	<u>439,877</u>
Liabilities:						
Segment liabilities	109,914	124,352	-	-	109,914	124,352
Non-operating liabilities	-	-	248,975	172,222	248,975	172,222
Unallocated liabilities					108,683	32,838
Total liabilities					<u>467,572</u>	<u>329,412</u>

	Construction		Production		Total	
	Year ended 31 st August 2009	Year ended 31 st August 2008	Year ended 31 st August 2009	Year ended 31 st August 2008	Year ended 31 st August 2009	Year ended 31 st August 2008
Other information:						
Capital expenditure	4,096	1,015	103,705	145,718	107,801	146,733
Depreciation	8,048	7,419	-	-	8,048	7,419

Geographical segment

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

a) Revenue (in USD thousands) – Note 1

	Year ended 31 st August 2009	Year ended 31 st August 2008	% Increase/ (Decrease)
Singapore	38,770	13,156	194.7%
South East Asia (Note 2)	32,885	82,374	(60.1%)
Australia	-	14,466	(100.0%)
British Virgin Islands	-	-	-
Total	71,655	109,996	

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

	As at 31 st August 2009	As at 31 st August 2008	% Increase/ (Decrease)
Singapore	484,576	378,389	28.1%
South East Asia (Note 2)	-	-	-
Australia	-	-	-
British Virgin Islands	23,812	21,269	12.0%
Unallocated	90,390	40,219	124.7%
Total	598,778	439,877	

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

	Year ended 31 st August 2009	Year ended 31 st August 2008	% Increase/ (Decrease)
Singapore	107,801	146,733	(26.5%)
South East Asia (Note 2)	-	-	-
Australia	-	-	-
British Virgin Islands	-	-	-
Total	107,801	146,733	

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, with the exception of assets which cannot be allocated to any particular segment

n.m – Not meaningful

11. Significant Related Parties Transactions (in USD thousands)

	Year ended 31 st August 2009	Year ended 31 st August 2008
Charter revenue from related parties	2,761	12,594
Vessel operating income from related parties	9,003	4,292
Charter expenses paid to related parties	11,311	9,333
Charter expenses paid to related companies	-	569
Vessel operating expenses paid to related parties	3,918	3,539
Vessel operating expenses paid to related companies	-	410
Interest paid to holding company	-	143
Interest paid to a related party	1,049	1,447
Management fees paid to holding company	-	49
Management fees paid to a related party	625	580
Sale of goods to related parties	139	645
Purchase of equipments from related parties	3,836	638
Rental expense paid to a related party	579	421
Key management personnel compensation		
- Salaries, bonus and allowance	2,186	2,764
- Defined contribution plan expense	14	14

Related parties transactions with related companies and holding company for the year ended 31st August 2008 relate to transactions with Ezra Group while it was still the majority shareholder.

12. 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. This 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.

13. Key Financial Figures

	Notes	Year ended 31 st August 2009	Year ended 31 st August 2008
EBITDA (in USD thousands)		34,887	43,104
EBIT (in USD thousands)		26,839	35,685
Net interest bearing debt (in USD thousands)	A	303,113	233,869
Net tangible assets (in USD thousands)		131,206	110,465
Earnings per share			
– Basic and diluted (in USD cents)	B	19.04	22.79
Weighted average number of shares ('000)		110,955	110,955
Interest cover ratio	C	6.47	5.89
Debt equity ratio	D	2.31	2.12
Current ratio	E	1.24	1.28
Return on equity	F	17.5%	25.5%

Notes:

- A. Interest bearing bank 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