



PRESS RELEASE

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Remedial Releases 2nd Quarter 2009 Results

12 August 2009 – The Board of Directors of Remedial (Cyprus) Public Company Limited (“the Company”) today approved the unaudited consolidated accounts for the 6 months ended 30 June 2009. See the “Financial Information” section in this release for details.

Market Update

During the second quarter, most of the long term prospects being pursued by the Company were deferred by the potential clients and few new business opportunities were available. Since then the Company has received several early-stage enquires regarding availability of the Company’s Elevating Support Vessels for both short- and long-term work commencing in 2010 and beyond. The Company has provided indicative pricing to prospects upon request and is preparing a tender submission for a major operator.

During 2008, Remedial Offshore Limited (Remedial) was awarded a contract by Chevron Offshore (Thailand) Limited (Chevron) to provide one of its ESV™ units for operations in the Gulf of Thailand. During Q1 2009 an Amendment to the Contract was signed which gives Chevron the right to designate the Contract commencement date by giving Remedial 90 days’ advance written notice. As of the date of this report, no commencement date has been nominated by Chevron. If Chevron does not designate the commencement date on or before 1 March 2010 the Contract will automatically terminate without penalty.

Vessel Construction Update

Latest photos of the ESV construction status can be seen at www.remedialoffshore.com. During the quarter the Company adjusted the activity weightings applied to progress measurement by increasing the weighting given to commissioning activities.

COSCO: The *Remedial ESV Solution* under construction at COSCO Shipyards was approximately 96% complete at 30 June 2009. During the second quarter, the vessel was moved down-river from Nantong to Qidong for completion of commissioning and installation of the upper leg sections and thrusters, to be followed by the vessel’s sea trials. The Company anticipates *Solution* will be delivered during the fourth quarter of 2009.

Yantai: The *Remedial ESV Guardian* under construction at Yantai Raffles Shipyard (YRS) was approximately 74% complete at 30 June 2009. During the second quarter the vessel was launched at YRS and moored quayside to enable installation of the remaining piping, cabling, jack-up legs, thrusters and large crane, plus fitting out the accommodation block. These activities will be followed by systems commissioning prior to sea trials. The latest schedule from YRS forecasts *Guardian* to be delivered by the end of the year.

Work-Over Rigs: Construction of the two lift-off work over rigs is progressing and during the quarter the first rig was stacked-up and readied for functional testing. During July the second rig was stacked-up.

Owner-Furnished Equipment (OFE) held for sale: The Company had begun procuring long-lead materials and equipment for a potential third vessel. The key commitments involved leg material, thrusters, small cranes, a large crane, engines and generator sets. The Company has been marketing this equipment for sale and during the quarter sold two small cranes. During August, the Company received a Letter of Intent which should result in an agreement to divest the large crane at its original cost less a sales commission.

Revenues and Expenditures

During the quarter, the Company recorded the sale of the two small cranes, included in the OFE held for sale, as revenue and the associated expenses as cost of sales. The cranes were sold at original cost less sales commission. The Company also incurred expenses for offshore personnel and administrative support. The second quarter result includes a \$1.9 million credit relating to the change in the mark-to-market valuation of interest rate swaps.

Financing

At 30 June 2009, the Company held \$65 million of funds in escrow to cover future expenditure commitments for constructing and financing the first two vessels and \$6 million of free cash to cover future operating costs and additional commitments in respect to the first two vessels. The Company is seeking to supplement its cash position through further OFE sales. With the current lack of firm contracts, latest vessel delivery schedules and potential requirements for mobilisation costs, the Company expects to begin restructuring its financing position or to require additional capital before the end of 2009. SEB Enskilda has been appointed as financial advisor to the Company with respect to this initiative.

Company Background

The Company's principal activities are to build, own and operate purpose-built Elevating Support Vessels (ESV™ units), an innovative new class of self-propelled jack-up rig/vessel hybrids. Each ESV unit is designed to facilitate offshore well intervention activities and work over services for the oil and gas industry. The Company's proprietary ESV technology allows customers to enhance hydrocarbon production from mature wells and fields. Vessel size and robust ESV design increase operating efficiency by providing a

stable, efficient work environment. Well intervention and facility work benefit from higher utilisation levels (due to reduced sensitivity to weather conditions), resulting in a lower per-well cost of intervention.

Founded in 2006, Remedial Offshore (Remedial Cyprus PCL) is based in Limassol, Cyprus, and employs engineering & procurement personnel in Houston, as well as operations personnel in the Bahamas and Thailand. Shares in Remedial Offshore are traded on the Oslo Axess



exchange under the ticker code "ROFF".

For more information, visit www.remedialoffshore.com.

Financial Information

Remedial (Cyprus) Public Company Limited Condensed Consolidated Statement of Comprehensive Income (not audited)

(Expressed in United States dollars in thousands, except EPS figures)

	2 nd Quarter 2009	2 nd Quarter 2008	6 Months 2009	6 Months 2008
Revenue	2,107	-	2,107	-
Cost of Sales	(2,480)	(374)	(2,920)	(374)
Gross Loss	(373)	(374)	(813)	(374)
Administrative Expenses	(1,612)	(2,537)	(3,138)	(3,777)
Other (losses) / gains	1,914	635	(1,192)	748
Operating Loss	(71)	(2,276)	(5,143)	(3,403)
Finance income	2	70	3	218
Loss Before Income Tax	(69)	(2,206)	(5,140)	(3,185)
Income tax	3	(10)	3	(42)
Net Loss for the Period	(66)	(2,216)	(5,137)	(3,227)
Other Comprehensive Income:				
Currency translation differences	3	-	1	-
Other comprehensive income for the period	3	-	1	-
Total comprehensive Income for the period	(63)	(2,216)	(5,136)	(3,227)
Loss per share in \$ (basic and diluted)	(0.00)	(0.08)*	(0.17)	(0.11)*

*Adjusted retrospectively due to 4:1 stock split on June 2008.

The notes on pages 8 to 12 form an integral part of this condensed consolidated interim financial information

Remedial (Cyprus) Public Company Limited
Condensed Consolidated Interim Balance Sheet (not audited)

(Expressed in United States dollars in thousands)

	30 Jun. 2009	31 Dec. 2008	30 Jun. 2008
Assets			
Non-current assets:			
Plant and equipment	3,875	3,932	529
Construction in progress	229,346	195,166	175,217
Intangible assets	3,992	3,694	2,909
Derivative financial instruments	2,742	3,195	4,873
	239,955	205,987	183,528
Current assets:			
Receivables and other current assets	676	822	1,247
OFE held-for-sale	20,012	16,488	-
Cash and cash equivalents	70,694	113,059	162,248
	91,382	130,369	163,495
Total assets	331,337	336,356	347,023
Equity			
Capital and reserves attributable to equity holders :			
Ordinary shares	74	74	74
Share premium	136,134	136,134	136,332
Other reserves	1,868	1,703	1,806
Accumulated deficit	(21,402)	(16,268)	(11,477)
Total equity	116,674	121,643	126,735
Liabilities			
Non-current liabilities:			
Borrowings	209,381	209,281	209,191
Deferred tax liability	56	51	51
	209,437	209,332	209,242
Current liabilities:			
Payable and other current liabilities	2,009	4,043	6,413
Current income tax liabilities	1,149	1,258	1,104
Derivative financial instruments	2,068	80	3,529
	5,226	5,381	11,046
Total liabilities	214,663	214,713	220,288
Total liabilities and equity	331,337	336,356	347,023

The notes on pages 8 to 12 form an integral part of this condensed consolidated interim financial information

Remedial (Cyprus) Public Company Limited
Condensed Consolidated Statement of Changes in Equity (not audited)

For the 6 Months Ended 30 June 2009

(Expressed in United States dollars in thousands)

	Share Capital	Share Premium*	Other Reserves	Accumulated Deficit	Total
Balance as of 1 January 2008	60	108,894	1,120	(8,052)	102,022
Comprehensive loss for the period	-	-	-	(3,425)	(3,425)
Total recognised expense to Q2 2009	-	-	-	(3,425)	(3,425)
Employee share option scheme: - value of employees' services	-	-	686	-	686
Share issuance	14	27,438			27,452
Balance as of 30 June 2008	74	136,332	1,806	(11,477)	126,735
Balance as of 1 January 2009	74	136,134	1,703	(16,268)	121,643
Comprehensive loss for the period	-	-	-	(5,134)	(5,134)
Total recognised expense to Q2 2009	-	-	-	(5,134)	(5,134)
Employee share option scheme: - value of employees' services	-	-	165	-	165
Balance as of 30 June 2009	74	136,134	1,868	(21,402)	116,674

The notes on pages 8 to 12 form an integral part of this condensed consolidated interim financial information

* The share premium is not available for distribution in the form of dividends.

Remedial (Cyprus) Public Company Limited
Condensed Consolidated Cash Flow Statement (not audited)

For the Year Ended 30 June 2009

(Expressed in United States dollars in thousands)

	6 Months 2009	6 Months 2008
Cash flows from operating activities		
Net loss before income tax	(5,140)	(3,185)
Adjustments for:		
Depreciation	92	98
Amortisation	254	69
Share options – value of employees' services	165	853
Change in fair value of derivative financial instruments	1,192	(748)
Finance income	(3)	(219)
Operating loss before changes in operating assets and liabilities	(3,440)	(3,132)
Increase/Decrease of:		
Trade and other receivables	364	(210)
OFE held for sale	(3,524)	-
Trade and other liabilities	(2,614)	1,259
Net cash used in operating activities	(9,214)	(2,083)
Interest paid	(2)	(10)
Income tax paid	(128)	-
Net cash used in operating activities	(9,344)	(2,903)
Cash flows from investing activities		
Purchase of plant and equipment	(35)	(133)
Payments for construction in progress	(25,812)	(69,791)
Proceed on sale of OFE	-	6,020
Interest received credited to construction in progress	358	2,705
Purchase of intangible assets	(552)	(820)
Interest received	26	293
Net cash used in investing activities	(26,015)	(61,726)
Cash flows from financing activities		
Interest paid capitalised to construction in progress	(7,006)	(9,709)
Proceeds from issuance of shares	-	27,287
Net cash from financing activities	(7,006)	17,578
Net decrease in cash and cash equivalents	(42,365)	(46,241)
Cash and cash equivalents as of beginning of period	113,059	208,489
Cash and cash equivalents as of end of period	70,694	162,248

The notes on pages 8 to 12 form an integral part of this condensed consolidated interim financial information

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

General Information

Remedial (Cyprus) Public Company Limited (the Company) is incorporated under the laws of the Republic of Cyprus, as a limited liability public company. The Company was incorporated on 17 March 2005 and changed its name to Remedial (Cyprus) Public Company Limited on 26 February 2007. The registered office of the Company is located at 284 Arch Makariou III, Fortuna Court, Block B, 3rd Floor, Office 32, 3105 Limassol, Cyprus.

The Company's shares are traded on Oslo Axess under the ticker code "ROFF".

The Group's operations do not have any seasonality or cyclicity effects.

This condensed consolidated interim financial information was authorised for issue by the Company's Board of Directors on 12 August 2009.

This condensed consolidated interim financial information has not been audited.

Basis of Preparation

This condensed consolidated interim financial information for the period ended 30 June 2009 has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

Accounting Policies

The accounting policies and computation methods applied are consistent with those of the annual financial statements for the year ended 31 December 2008 as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Various new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009. The effect of those standards was not material for the condensed interim financial statements except for:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits presenting items of income and expenses (i.e., 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (statement of comprehensive income) or two statements (income statement and statement of comprehensive income).

The group has elected to present one performance statement: the statement of comprehensive income. Interim financial statements have been prepared under the revised disclosure requirements.

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Accounting Policies (Continued)

At the date of the approval of these financial statements a number of accounting standards were issued by the International Accounting Standards Board but were not yet effective. The effect of those standards is not expected to be material for the Group.

The functional currency of the group is the US dollar.

The Going Concern Assumption

The financial statements have been prepared on a going concern basis. As explained in the liquidity position note, the Group expect to initiate a restructuring of its financing position or raise additional capital. The Group expect this initiative to be successful and consequently present the financial statements on a going concern basis.

Liquidity Position

The Group is in the development phase. At the end of June 2009, the Group held \$65 million of funds in escrow to cover future expenditure commitments for constructing and financing the first two vessels and \$6 million of free cash to cover future operating costs and additional commitments in respect to the first two vessels. The Group is seeking to supplement its cash position through the sale of the remaining OFE acquired for a potential third vessel.

With the current lack of firm contracts, latest vessel delivery schedules and potential requirements for mobilisation costs, the Group expect to initiate a restructuring of its financing position or to require additional capital before the end of 2009. SEB Enskilda has been appointed as financial advisor to the Group with respect to this initiative.

At 30 June 2009, the Company had cash and cash equivalents of \$70.69 million (2008: \$113.06 million) of which \$6.00 million (2008: \$21.40 million) related to cash available for general corporate purposes.

The \$210 million bond is repayable in March 2012.

Construction in Progress

The Company has entered into agreements for construction of two ESV™ units and has purchased and supplied all the OFE for these ESV units. The agreements are with Yantai Raffles Shipyard Limited for *Remedial ESV Guardian* and with COSCO Nantong for *Remedial ESV Solution*. Under the shipyard contracts the Company is obligated to make interim payments on achievement of progress or physical milestones.

Payments made against these milestones are recorded as construction in progress. The Company had also procured some OFE for a potential third ESV unit. During Q4 2008 management determined construction of a third ESV unit would not take place in the near future and, consequently, agreed to sell the OFE. The OFE was transferred from Construction in Progress and classified as OFE held for sale in the Statement of Financial Position.

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Construction in Progress (continued)

The movements in Construction in Progress were attributed as follows:

	<u>\$000s</u>
Year ended 31 December 2008	
Opening net book amount	112,346
Additions	97,761
Transfer to OFE held for sale	<u>(14,941)</u>
Closing net book amount	<u>195,166</u>
Period ended 30 June 2009	
Opening net book amount	195,166
Additions	<u>34,180</u>
Closing net book amount	<u>229,346</u>

Analysis of construction in progress cost by individual ESV™ vessel is as follows:

	30 Jun. 2009	31 Dec. 2008
	\$000s	\$000s
Remedial ESV Guardian	108,109	85,806
Remedial ESV Solution	121,237	109,360
	<u>229,346</u>	<u>196,166</u>

Analysis of Construction in Progress net additions by nature:

	30 Jun. 2009	31 Dec. 2008
	\$000s	\$000s
Third party expenditures – shipyard	12,105	37,960
Third party expenditures – OFE, work-over rig , transport	10,830	36,554
Capitalised interest incurred	7,006	18,770
Capitalised interest earned	(358)	(3,349)
Income tax provision on capitalised interest received	23	335
Fair value changes – derivative financial instruments	453	1,388
Amortisation – bond issue costs	100	195
Direct payroll costs capitalised	2,628	2,733
Direct expenses capitalised	629	1,311
Overhead capitalised	764	1,864
	<u>34,180</u>	<u>97,761</u>

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Construction in Progress (continued)

Capitalised payroll costs are for employees who have responsibility for ensuring the design and engineering specifications of the ESV units are followed, and employees who have specific responsibility for managing construction and commissioning of the vessels at the shipyards.

Intangible Assets

As of 30 June 2009, net book value of intangible assets is \$2.21 million relating to technology and \$1.78 million relating to software licences and development costs. Technology is amortized over 18 years and software licences and development costs are being amortised over 5 years.

Fair Value of Derivatives and Other Financial Instruments

The Company had two derivative financial instruments carried at fair value: a liability relating to an interest SWAP valuation as calculated under IAS 39 of \$2.07 million (31 Dec 2008, \$0.08 million) and a \$2.74 million (31 Dec 2008, \$3.19 million) asset relating to fair value of put and call options within the \$210 million bond agreement.

Equity

There has been no change in the Company's number of shares during the quarter. At the end of Q2 2009 the Company had 29,440,924 shares (Q2 2008: 29,440,924 shares) in issue with a par value of \$0.0025 (Q2 2008: \$0.0025).

Operating loss for the period

The result for the period ended 30 June 2009 was a loss of \$5.14 million (Q2 2008, loss of \$3.40 million). The Revenue for the period includes the sale of two small cranes. Cost of Sales for the period includes the original cost of the cranes sold, commissions paid on the sale of the cranes plus costs incurred for offshore personnel salaries and wages, hiring costs and training. The loss for the period also includes \$1.99 million cost relating to an increase in the fair value of derivative financial liability instrument relating to the interest rate SWAP.

Capital commitments

(a) Capital commitments on construction in progress

At the balance sheet date the Group had contracted capital expenditure not yet incurred as follows:

	30 Jun. 2009	31 Dec. 2008
	\$000s	\$000s
No later than 1 year	63,325	81,110
Later than 1 year and no later than 5 years	-	-
	63,325	81,110

Remedial (Cyprus) Public Company Limited
Notes to the Condensed Interim Financial Information

Capital commitments (continued)

(b) Capital commitments on OFE held for sale

The Group has the following capital commitments not yet incurred as of balance sheet date:

	30 Jun. 2008	31 Dec. 2008
	\$000s	\$000s
No later than 1 year	643	5,949
Later than 1 year and no later than 5 years	-	-
	643	5,949

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