



PRESS RELEASE

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Remedial Releases 3rd Quarter 2009 Results – Discusses partial conversion of bond debt to equity with bondholder advisors

10 November 2009 – The Board of Directors of Remedial (Cyprus) Public Company Limited (‘the Company’) today approved the unaudited consolidated accounts for the 9 months ended 30 September 2009. See the “Financial Information” section in this release for details.

Revenues and Expenditures

During the quarter, the Company received a payment in respect of a reimbursement of certain initial mobilization costs previously incurred and expensed with respect to the potential Chevron Thailand contract. The Company also recorded the sale of the large crane and mud pump, included in Owner Furnished Equipment held for sale, as revenue and the associated expenses as cost of sales. The crane was sold at carrying value (original cost less an allowance for sales commission), whereas the mud pump had to be sold at a discount to original cost. Certain other minor OFE held for sale items were written down to expected recovery value. The Company also incurred expenses for offshore personnel and administrative support. The third quarter result includes a \$1.9 million debit relating to the change in the mark-to-market valuation of interest rate swaps.

Financing

At 30 September 2009, the Company held \$56.5 million of funds in escrow to cover future expenditure commitments for constructing and financing the first two vessels and \$1.1 million of free cash to cover future operating costs and additional commitments in respect to the first two vessels.

At the end of October 2009, the cash position of the Company was \$0.75 million in free cash and \$56.5 million in escrow. The Company will require the free cash on hand and anticipated receipts from the sale of OFE concluded in the third quarter to be able to continue its operations through November 2009. The Company expects that the \$2.3 million due will be received in part during November with the balance due in December 2009. Thereafter, the Company will require further proceeds from new OFE sales, the release of some of the escrow funds, or new equity or loans to support its immediate operations.

The Company's operating expenses are around \$1 million a month, which will increase to around \$2 million a month upon delivery of *Remedial ESV Guardian*. Without the benefit of customer contracts the Company estimates a forecast cash spend of approximately \$70 million (excluding loan interest payments and deferred shipyard payments) to the end of October 2010 based upon forecast remaining gross capital expenditures of \$43 million, overheads of \$6m, vessel warm stack expenditures of \$14 million and an allowance for mobilisation costs of \$7 million. Depending on the timing and location of future contract awards the funding requirement may increase or decrease.

Due to the limited free cash available coupled with the current lack of firm contracts, latest vessel delivery schedules and potential requirements for mobilisation costs, the Company is working with its shareholders and bondholders on options to restructure its financing position and use the \$56.5 million funds held in escrow for the most appropriate benefit to the Company. Agreement has been reached with each of COSCO and Yantai shipyards (in principle) that the Company may defer \$7 million of the delivery payment in respect to each of *Remedial ESV Solution* and *Remedial ESV Guardian* for 12 months from delivery provided an acceptable security is provided to each shipyard. These deferred payments will fall due after the end of October 2010.

On 18th September 2009, the Company requested Norsk Tillitsmann ASA, as loan trustee, to summon a bondholders' meeting at which the bondholders would be requested to agree to a deferral of interest on the loan for a period of at least twelve months (to be capitalised to the principal amount of the loan at maturity date), the release of part of the funds in the escrow account for use for general corporate purposes and, in return, the Company would pay an additional amount to bondholders by way of a premium equal to 5% of the loan principal at maturity date.

On 1st October, upon request from the loan trustee, the Company agreed to defer the call for a bondholders' meeting to permit bondholders to consider and respond to the Company's proposed amendments to the Loan terms. On behalf of the bondholders, the loan trustee engaged a financial advisor (AMA Capital Partners LLC) and a legal adviser (Bingham McCutchen (London) LLP) to perform due diligence of the Company and give advice on the bondholders' position and the proposed amendments. On 30th September 2009, the Company was informed by the loan trustee that bondholders holding 52% of the loan support retention of these advisers.

The Company was advised by the representatives of the bondholders that the Company's initial proposal would not obtain the acceptance of the bondholders and the Company has ongoing discussions with the representatives in order to agree on a proposal to the bondholders meeting that is likely to be accepted.

An amended proposal has been received from the representatives of the bondholders which would result in a conversion of all indebtedness under the loan other than \$56.5 million to equity and the issue of new ordinary listed shares representing 96 % of the post-restructuring share capital of the Company to the bondholders, a deferral of interest payments, and a release of the escrow monies for shipyard payments (as adjusted for the deferred payments) and general corporate purposes. In addition the proposal allows for an additional debt facility of \$13.5 million to be secured against the vessels ranking on an equal basis to the remaining bond loan.

The Company has suggested certain amendments to the proposal from the representatives implying that the indebtedness under the loan other than \$56.5 million shall be converted to equity and the issue of new ordinary listed shares to the bondholders representing 94% of the post-restructuring share capital based on an agreed equity value for this 94% of \$55.575 million. The Company has further proposed to carry out a rights issue of shares for the aggregate gross subscription price of \$20 million at a pre-money equity valuation of \$58.5 million (after allowing for the \$56.5 million bond loan, the additional \$13.5 million of new debt and the \$14 million of deferred shipyard payments) for 100% of the equity, for which the current shareholders shall be entitled to subscribe. Following such a rights issue, the bondholders would own approximately 70% of the enlarged share capital and 100% of the residual bond loan.

Either of proposals detailed above would place the Company in a fully financed position for approximately the next twelve months. As of today there is no agreement on either proposal.

The Company has not made the interest payment due 28 September 2009 of \$3.1 million, as deferral of the interest payment is one of the proposals for amendment of the loan. The Company is therefore in technical default of the loan.

The financial statements have been prepared on a going concern basis. As explained in the liquidity position note, the Group requires additional funds in order to complete delivery of its vessels and allow time for contracts for the vessels to be obtained and generate cash flow. As the refinancing proposals would place the Group in a fully financed position for approximately the next twelve months, the financial statements have been prepared on a going concern basis. In the event that a refinancing is not successful the Group would be forced to sell assets in a distressed situation and the possible impacts of such sales on the Balance Sheet carrying value are discussed in the Potential Asset Impairment Note.

Market Update

Most of the long term business opportunities being pursued by the Company have been deferred into 2010, although during the third quarter the Company did submit a tender for a four-year workover and well intervention contract which is due to commence in Q3 2010. The potential client has not yet

announced a decision regarding the tender. The Company has also provided indicative pricing to potential prospects in the windmill and accommodation markets during the third quarter.

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.

COSCO: The *Remedial ESV Solution* under construction at COSCO Shipyards is nearing completion. During the 3rd quarter, the balance of the vessel's 425-foot legs was installed and fit-out of the accommodation block was completed. The shipyard are finishing a number of commissioning tasks as they prepare to complete electrical load tests, thruster installation and jacking trials. The shipyard will then proceed with the sea trials before delivery. The Company anticipates *Solution* will be delivered before the end of the fourth quarter of 2009.

Yantai: The *Remedial ESV Guardian* under construction at Yantai Raffles Shipyard (YRS) was approximately 80% complete at 30 September 2009. During the third quarter the shipyard continued to work on installation of the large crane, piping and cabling systems and build-out of the accommodation block. During the fourth quarter the shipyard has installed the vessel's legs. The latest schedule from YRS forecasts *Guardian* to be delivered during the first quarter of 2010 but based upon current progress, delivery could be delayed further.

Work-Over Rigs: Construction of the two lift-off work over rigs is progressing and during the quarter the first rig was ready for testing of the top drive.

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 third quarter sold the large crane and mud pump.

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 workover 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)

	3rd Quarter 2009	3rd Quarter 2008	9 Months 2009	9 Months 2008
Revenue	4,430	-	6,537	-
Cost of Sales	(5,483)	(3,870)	(8,403)	(4,244)
Gross Loss	(1,053)	(3,870)	(1,866)	(4,244)
Administrative Expenses	(1,684)	(978)	(4,822)	(4,755)
Other (losses) / gains	(1,891)	1,545	(3,083)	2,096
Operating Loss	(4,628)	(3,303)	(9,771)	(6,903)
Finance income	-	132	3	350
Loss Before Income Tax	(4,628)	(3,171)	(9,768)	(6,553)
Income tax	-	(10)	3	(53)
Net Loss for the Period	(4,628)	(3,181)	(9,765)	(6,606)
Other Comprehensive Income:				
Currency translation differences	-	-	1	-
Other comprehensive income for the period	-	-	1	-
Total comprehensive Income for the period	(4,628)	(3,181)	(9,764)	(6,606)
Loss per share in \$ (basic and diluted)	(0.16)	(0.11)*	(0.33)	(0.22)*

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

The notes on pages 10 to 15 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 Sep. 2009	31 Dec. 2008	30 Sep. 2008
Assets			
Non-current assets:			
Plant and equipment	5,684	3,932	521
Construction in progress	243,139	195,166	189,707
Intangible assets	3,989	3,694	3,271
Derivative financial instruments	4,940	3,195	4,875
	257,752	205,987	198,374
Current assets:			
Receivables and other current assets	4,016	822	502
OFE held-for-sale	14,506	16,488	812
Cash and cash equivalents	57,649	113,059	139,785
	76,171	130,369	141,099
Total assets	333,923	336,356	339,473
Equity			
Capital and reserves attributable to equity holders :			
Ordinary shares	74	74	74
Share premium	136,134	136,134	136,300
Other reserves	2,002	1,703	1,798
Accumulated deficit	(26,031)	(16,268)	(14,658)
Total equity	112,179	121,643	123,514
Liabilities			
Non-current liabilities:			
Borrowings	209,433	209,281	209,260
Deferred tax liability	56	51	51
	209,489	209,332	209,311
Current liabilities:			
Payable and other current liabilities	7,141	4,043	3,496
Current income tax liabilities	1,107	1,258	1,168
Derivative financial instruments	4,007	80	1,984
	12,255	5,381	6,648
Total liabilities	221,744	214,713	215,959
Total liabilities and equity	333,923	336,356	339,473

The notes on pages 10 to 15 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 Months Ended 30 September 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	-	-	-	(6,606)	(6,606)
Total recognised expense to Q3 2008	-	-	-	(6,606)	(6,606)
Employee share option scheme: - value of employees' services	-	-	678	-	678
Share issuance	14	27,406			27,420
Balance as of 30 September 2008	74	136,300	1,798	(14,658)	123,514
Balance as of 1 January 2009	74	136,134	1,703	(16,268)	121,643
Comprehensive loss for the period	-	-	-	(9,764)	(9,764)
Total recognised expense to Q3 2009	-	-	-	(9,764)	(9,764)
Employee share option scheme: - value of employees' services	-	-	299	-	299
Balance as of 30 September 2009	74	136,134	2,002	(26,031)	112,179

The notes on pages 10 to 15 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 9 Months Ended 30 September 2009
(Expressed in United States dollars in thousands)

	9 Months 2009	9 Months 2008
Cash flows from operating activities		
Net loss before income tax	(9,768)	(6,553)
Adjustments for:		
Depreciation	141	147
Amortisation	396	105
Share options – value of employees’ services	299	844
Change in fair value of derivative financial instruments	2,015	(2,096)
Finance income	(5)	(350)
Operating loss before changes in operating assets and liabilities	(6,922)	(7,903)
Increase/Decrease of:		
Trade and other receivables	(2,948)	440
OFE held for sale	1,982	(812)
Trade and other liabilities	3,503	438
Net cash used in operating activities	(4,385)	(7,837)
Interest paid	(2)	(15)
Income tax paid	(166)	(8)
Net cash used in operating activities	(4,553)	(7,860)
Cash flows from investing activities		
Purchase of plant and equipment	(1,890)	(158)
Payments for construction in progress	(41,681)	(82,488)
Proceed on sale of OFE	-	6,020
Interest received credited to construction in progress	384	3,354
Purchase of intangible assets	(690)	(1,233)
Interest received	26	413
Net cash used in investing activities	(43,851)	(74,092)
Cash flows from financing activities		
Interest paid capitalised to construction in progress	(7,006)	(14,006)
Proceeds from issuance of shares	-	27,254
Net cash from financing activities	(7,006)	13,248
Net decrease in cash and cash equivalents	(55,410)	(68,704)
Cash and cash equivalents as of beginning of period	113,059	208,489
Cash and cash equivalents as of end of period	57,649	139,785

The notes on pages 10 to 15 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 10 November 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 September 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 requires additional funds in order to complete delivery of its vessels and allow time for contracts for the vessels to be obtained and generate cash flow. As the refinancing proposals would place the Group in a fully financed position for approximately the next twelve months, the financial statements have been prepared on a going concern basis. In the event that a refinancing is not successful the Group would be forced to sell assets in a distressed situation and the possible impacts of such sales on the Balance Sheet carrying value are discussed in the Potential Asset Impairment Note.

Liquidity Position

The Group is in the development phase. At 30 September 2009, the Company held \$56.5 million of funds in escrow to cover future expenditure commitments for constructing and financing the first two vessels and \$1.1 million of free cash to cover future operating costs and additional commitments in respect to the first two vessels.

At the end of October 2009, the cash position of the Company was \$0.75 million in free cash and \$56.5 million in escrow. The Company will require the free cash on hand and anticipated receipts from the sale of OFE concluded in the third quarter to be able to continue its operations through November 2009. The Company expects that the \$2.3 million due will be received in part during November with the balance due in December 2009. Thereafter, the Company will require further proceeds from new OFE sales, the release of some of the escrow funds or new equity or loans to support its immediate operations.

The Company's operating expenses are around \$1 million a month, which will increase to around \$2 million a month upon delivery of *Remedial ESV Guardian*. Without the benefit of customer contracts the Company estimates a forecast cash spend of approximately \$70 million (excluding loan interest payments and deferred shipyard payments) to the end of October 2010 based upon forecast remaining gross capital expenditures of \$43 million, overheads of \$6 million, vessel warm stack expenditures of \$14 million and an allowance for mobilisation costs of \$7 million. Depending on the timing and location of future contract awards the funding requirement may increase or decrease.

Due to the limited free cash available coupled with the current lack of firm contracts, latest vessel delivery schedules and potential requirements for mobilisation costs, the Company is working with its shareholders and bondholders on options to restructure its financing position and use the \$56.5 million funds held in escrow for the most appropriate benefit to the Company. Agreement has been reached with each of COSCO and Yantai (in principle), that the Company may defer \$7 million of the delivery payment in respect to each of *Remedial ESV Solution* and *Remedial ESV Guardian* for 12 months from delivery provided an acceptable security is provided to each shipyard. These deferred payments will fall due after the end of October 2010.

On 18th September 2009, the Company requested Norsk Tillitsmann ASA, as loan trustee, to summon a bondholders' meeting at which the bondholders would be requested to agree to a deferral of interest on the loan for a period of at least twelve months (to be capitalised to the principal amount of the loan at maturity date), the release of part of the funds in the escrow account for use for general corporate purposes and in return the Company would pay an additional amount to the bondholders by way of a premium equal to 5% of the loan principal at maturity date. On 1st October, upon request from the loan trustee, the Company agreed

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Liquidity Position (*continued*)

to defer the call for a bondholders' meeting to permit bondholders to consider and respond to the Company's proposed amendments to the Loan terms. On behalf of the bondholders, the loan trustee engaged a financial advisor (AMA Capital Partners LLC) and a legal adviser (Bingham McCutchen (London) LLP) to perform due diligence of the Company and give advice on the bondholders' position and the proposed amendments. On 30th September 2009, the Company has been informed by the loan trustee that bondholders holding 52% of the loan support retention of these advisers.

The Company was advised by the representatives of the bondholders that the Company's initial proposal would not obtain the acceptance of the bondholders and the Company has ongoing discussions with the representatives in order to agree on a proposal to the bondholders meeting that is likely to be accepted.

Recently an amended proposal has been received from the representatives of the bondholders which would result in a conversion of all indebtedness under the loan other than \$56.5 million to equity and the issue of new ordinary listed shares representing 96 % of the post-restructuring share capital of the Company to the bondholders, a deferral of interest payments, and a release of the escrow monies for shipyard payments (as adjusted for the deferred payments) and general corporate purposes. In addition the proposal allows for an additional debt facility of \$13.5 million to be secured against the vessels ranking on an equal basis to the remaining bond loan.

The Company has suggested certain amendments to the proposal from the representatives implying that the indebtedness under the loan other than \$56.5 million shall be converted to equity and the issue of new ordinary listed shares to the bondholders representing 94% of the post-restructuring share capital based on an agreed equity value for this 94% of \$55.575 million. The Company has further proposed to carry out a rights issue of shares for the aggregate gross subscription price of \$20 million at a pre-money equity valuation of \$58.5 million (after allowing for the \$56.5 million bond loan, the additional \$13.5 million of new debt and the \$14 million of deferred shipyard payments) for 100% of the equity, for which the current shareholders shall be entitled to subscribe. Following such a rights issue, the bondholders would own approximately 70% of the enlarged share capital and 100% of the residual bond.

Either of proposals detailed above would place the Company in a fully financed position for approximately the next twelve months. As of today there is no agreement on either proposal.

The Company has not made the interest payment due 28 September 2009 of \$3.1 million, as deferral of the interest payment is one of the proposals for amendment of the loan. The Company is therefore in technical default of the loan.

At 30 September 2009, the Group had cash and cash equivalents of \$57.6 million (2008: \$113.1 million) of which \$1.1 million (2008: \$21.4 million) related to cash available for general corporate purposes.

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

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Potential Asset Impairment

In the event the Group is forced to sell off assets in a distressed situation, it is probable that assets would be sold for amounts significantly below their carrying value and certain commitments and contingent liabilities with a maximum value of less than \$5m would crystallise. It is estimated the distressed sale price of the vessels under construction could result in an impairment charge of \$150m and the sales proceeds would be insufficient to repay the loan secured by the bond. In addition to significant write downs on plant and equipment and OFE held for resale, the intangible assets and derivative financial assets of the Group would likely be fully impaired. In the event that the Group fails to secure client contracts at the rates currently tendered the carrying value of the assets could also be impaired.

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 Balance Sheet.

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 September 2009	
Opening net book amount	195,166
Additions	<u>47,973</u>
Closing net book amount	<u>243,139</u>

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

	30 Sep. 2009	31 Dec. 2008
	\$000s	\$000s
Remedial ESV Guardian	118,758	85,806
Remedial ESV Solution	124,381	109,360
	<u>243,139</u>	<u>195,166</u>

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Construction in Progress (continued)

Analysis of Construction in Progress net additions by nature:

	30 Sep. 2009 \$000s	31 Dec. 2008 \$000s
Third party expenditures – shipyard	20,240	37,960
Third party expenditures – OFE, work-over rig , transport	13,198	36,554
Capitalised interest incurred	7,006	18,770
Capitalised interest earned	(395)	(3,349)
Income tax provision on capitalised interest received	25	335
Fair value changes – derivative financial instruments	1,614	1,388
Amortisation – bond issue costs	152	195
Direct payroll costs capitalised	4,022	2,733
Direct expenses capitalised	961	1,311
Overhead capitalised	1,150	1,864
	47,973	97,761

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 September 2009, net book value of intangible assets is represented by \$2.2 million relating to technology and \$1.8 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 Group had two derivative financial instruments carried at fair value: a liability relating to an interest SWAP valuation as calculated under IAS 39 of \$4.0 million (31 Dec 2008, \$0.1 million) and a \$4.9 million (31 Dec 2008, \$3.2 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 Q3 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 nine months ended 30 September 2009 was a loss of \$9.8 million (Q3 2008 loss of \$6.6 million). Revenue for the period includes the sale of two small cranes, a large crane and mud pump. The Group received a payment in respect of a reimbursement of certain initial mobilization costs previously incurred and expensed with respect to the potential Chevron Thailand contract. Cost of Sales for the period includes the original cost of the cranes and mud pump 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 \$3.1 million cost relating to the mark to market valuation relating to the interest rate SWAP.

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

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 Sep. 2009	31 Dec. 2008
	\$000s	\$000s
No later than 1 year	54,854	81,110
Later than 1 year and no later than 5 years	-	-
	54,854	81,110

(b) Capital commitments on OFE held for sale

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

	30 Sep. 2009	31 Dec. 2008
	\$000s	\$000s
No later than 1 year	419	5,949
Later than 1 year and no later than 5 years	-	-
	419	5,949

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