



## **PRESS RELEASE**

### **Contact:**

Rich Altman, CEO, phone: +1 242 328 2084

Stuart Bannerman, CFO, phone: +1 242 328 2084

Greg Salerno, VP – Corp. Media, phone: +1 281 227-3121

## **Remedial Releases 2nd Quarter 2008 Results**

12 August, 2008 – The Board of Directors of Remedial (Cyprus) Public Company Limited today approved the unaudited consolidated accounts for the 6 months ended 30 June 2008. See the “Financial Information” section in this release for details.

### **Market Update**

The Company continues to market its unique Elevating Support Vessels (ESV™ units) to major oil and gas operators with a view to securing long-term charter contracts.

On 10<sup>th</sup> June 2008, Remedial submitted a revised proposal to Petroleos Mexicanos (Pemex). To date, Remedial have received no formal response to the revised proposal.

The Company continues to pursue business opportunities in the Far East, Middle East and South America in order to secure contracts for the vessels under construction as well as for potential future vessels to be constructed. One of these opportunities is at an advanced stage.

### **Vessel Construction Update**

Latest photos of the construction build status can be seen at [www.remedialoffshore.com](http://www.remedialoffshore.com).

**COSCO:** The ESV™ vessel under construction at COSCO (Nantong) Shipyards is approximately 80% complete. The ship building contract commits COSCO to deliver the vessel by mid-September 2008. COSCO have recently experienced some technical issues with the jack case castings and associated welding. These issues are preventing COSCO from installing the jack cases and the legs of the vessel. Remedial and COSCO in conjunction with the certifying authority, ABS, have now agreed an acceptable solution to the technical issue. Once the timing impact of the technical solution is agreed a revised delivery date will be forecast. Remedial management anticipates that the delivery will be delayed until Q4 2008.

Remedial have previously contracted a dry tow vessel for the transportation of the COSCO ESV™ vessel based upon the contractual delivery date. Remedial have been in discussions with the owner of the vessel in order to attempt to reschedule the timing of the towing contract in order to be in line with the revised ESV™ vessel delivery schedule. These discussions have been unsuccessful. Remedial are currently marketing the vessel's availability to third parties.

**Yantai:** The ESV™ vessel under construction at Yantai Raffles Shipyard (YRS) is approximately 55% complete. YRS have laid the keel of the vessel and a number of blocks are now in place and have been joined together. YRS are maintaining their revised forecast delivery date of late Q1 2009.

**ESV 3:** Remedial have committed to the procurement of long lead materials and equipment for a potential third vessel. The key commitments made to date are in respect to thrusters, cranes and engines.

**Owner Furnished Equipment:** Approximately 90% of the Owner Furnished Equipment for the first two vessels has been delivered to the shipyards in accordance with the shipyard construction program. The key remaining items to be delivered to the shipyards are the vessel thrusters and cranes for the vessel under construction at Yantai and some sections of the large crane for the vessel under construction at COSCO. These deliveries are on schedule to meet the shipyard construction programmes.

### **Expenditures**

The results for Q2 2008 include \$ 0.7m of cost in respect of accounting, legal and due diligence fees associated with the IPO of the Company. The results of the period also include the write off of Construction in Progress costs (project management and engineering) considered to have no future value following the termination of the Beacon ship building contract. The write off was partially offset by a gain on disposal arising from Construction in Progress materials sold during the quarter.

### **Financing**

During Q2 2008, the Company successfully completed an IPO and listed its shares for trading on Oslo Axess. In preparation for the listing, the Company performed a 4 for 1 share split. As part of the IPO the Company issued an additional 5,400,900 shares which generated an additional \$ 27.2m of funds (after deduction of Investment Bank fees) available to support the working capital and future development needs of the business.

## Company Background

The Company's principal activities are to 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. Shares in Remedial Offshore are traded on the Oslo Axess exchange under the ticker code "ROFF".



For more information, visit [www.remedialoffshore.com](http://www.remedialoffshore.com)

## Financial Information

### Remedial (Cyprus) Public Company Limited

### Condensed Consolidated Income Statement (not audited)

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

	<i>Q2 2008</i>	<i>Q2 2007</i>	<i>6 Months 2008</i>	<i>6 Months 2007</i>
Revenue	-	-	-	-
Cost of Sales	(374)	-	(374)	-
<b>Gross Profit</b>	<b>(374)</b>	<b>-</b>	<b>(374)</b>	<b>-</b>
Administrative Expenses	(2,537)	(1,446)	(3,777)	(2,344)
Other gains / (losses)	438	(796)	551	(1,199)
Other expenses	-	-	-	-
<b>Operating Loss</b>	<b>(2,475)</b>	<b>(2,242)</b>	<b>(3,600)</b>	<b>(3,543)</b>
Finance income	70	715	218	1,624
<b>Loss Before Income Tax</b>	<b>(2,405)</b>	<b>(1,527)</b>	<b>(3,382)</b>	<b>(1,919)</b>
Income tax	(10)	(106)	(42)	(242)
<b>Net Loss for the Period</b>	<b>(2,415)</b>	<b>(1,633)</b>	<b>(3,424)</b>	<b>(2,161)</b>
<b>Loss per share in \$ (basic and diluted)</b>	<b>(0.10)</b>	<b>(0.07)</b>	<b>(0.14)</b>	<b>(0.09)</b>

**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 Balance Sheet (not audited)

(Expressed in United States dollars in thousands)

	30 Jun. 2008	31 Dec. 2007
<b>Assets</b>		
Non-current assets		
Plant and equipment	529	452
Construction in progress	175,217	112,346
Intangible assets	2,909	2,200
Derivative financial instruments	4,873	4,583
	<b>183,528</b>	<b>119,581</b>
Current assets		
Trade and other receivables	1,247	1,641
Cash and cash equivalents	162,248	208,489
	<b>163,495</b>	<b>210,130</b>
<b>Total assets</b>	<b>347,023</b>	<b>329,711</b>
<b>Equity</b>		
Capital and reserves attributable to equity holders		
Ordinary shares	74	60
Share premium	136,332	108,894
Other reserves	1,806	1,120
Accumulated deficit	(11,477)	(8,052)
<b>Total equity</b>	<b>126,735</b>	<b>102,022</b>
<b>Liabilities</b>		
Non-current liabilities		
Borrowings	209,191	209,086
Deferred tax liability	51	-
	<b>209,242</b>	<b>209,086</b>
<b>Current liabilities</b>		
Trade and other payables	6,413	13,620
Current income tax liabilities	1,104	903
Derivative financial instruments	3,529	4,080
	<b>11,046</b>	<b>18,603</b>
<b>Total liabilities</b>	<b>220,288</b>	<b>227,689</b>
<b>Total liabilities and equity</b>	<b>347,023</b>	<b>329,711</b>

**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 2008

(Expressed in United States dollars in thousands)

	<i>Share Capital</i>	<i>Share Premium*</i>	<i>Retained Earnings</i>	<i>Other Reserves</i>	<i>Total</i>
Balance at 1 January 2007	60	108,894	(3,923)	-	105,031
Net loss for the period	-	-	(2,161)	-	(2,161)
Total recognised expense to Q2 2007	-	-	(2,161)	-	(2,161)
Employee share option scheme: - value of employees' services	-	-	-	414	414
Balance as of 30 June 2007	<u>60</u>	<u>108,894</u>	<u>(6,084)</u>	<u>414</u>	<u>103,284</u>
Balance as of 1 January 2008	60	108,894	(8,052)	1,120	102,022
Net loss for the period	-	-	(3,424)	-	(3,424)
Total recognised expense to Q2 2008	-	-	(11,476)	-	(3,424)
Share issue on exercise of Founder Warrants	-	244	-	-	244
Share issue at IPO	14	28,493	-	-	28,507
Investment Bank Fees	-	(1,300)	-	-	(1,300)
Employee share option scheme: - value of employees' services	-	-	-	686	686
Movements in the period to June 2008	<u>14</u>	<u>27,437</u>	<u>-</u>	<u>686</u>	<u>28,137</u>
Balance as of 30 June 2008	<u>74</u>	<u>136,331</u>	<u>(11,476)</u>	<u>1,806</u>	<u>126,735</u>

**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 6 Months Ended 30 June 2008

(Expressed in United States dollars in thousands)

	6 Months 2008	6 Months 2007
<b>Cash flows from operating activities</b>		
Net loss before income tax	(3,382)	(1,919)
Adjustments for:		
Depreciation	98	40
Amortisation	69	64
Share options – value of employees’ services	853	414
Change in fair value of founders warrants	(551)	1,199
Finance income	(219)	(1,625)
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(3,132)</b>	<b>(1,827)</b>
Trade and other receivables	(210)	(246)
Trade and other liabilities	1,259	(10)
<b>Net cash used in operating activities</b>	<b>(2,083)</b>	<b>(2,083)</b>
Interest paid	(10)	-
Income tax paid	-	(211)
	<b>(2,093)</b>	<b>(2,294)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(133)	(217)
Payments for construction in progress	(69,791)	(30,365)
Proceeds of Sale of Construction in Progress	6,020	-
Interest received credited to construction in progress	2,705	1,579
Purchase of intangible assets	(820)	(110)
Proceeds on redemption of investments in securities	-	85,681
Interest received	293	9
Dividends received	-	1,396
<b>Net cash (used in)/from investing activities</b>	<b>(61,726)</b>	<b>57,973</b>
<b>Cash flows from financing activities</b>		
Interest paid capitalised to construction in progress	(9,709)	(5,689)
Proceeds from share issues	27,287	-
Proceeds from bond issue	-	204,750
<b>Net cash from financing activities</b>	<b>17,578</b>	<b>199,061</b>
<b>Net (decrease)/increase in cash, cash equivalents &amp; bank overdrafts</b>	<b>(46,241)</b>	<b>254,740</b>
Cash, cash equivalents and bank overdrafts as of beginning of period	208,489	(32)
<b>Cash, cash equivalents and bank overdrafts as of end of period</b>	<b>162,248</b>	<b>254,708</b>

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

## 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 under the name of Brufani Shipmanagement Limited, and changed its name to Remedial (Cyprus) Limited on 5 October 2006 and latterly 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, 3<sup>rd</sup> 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 board of directors on 12 August 2008.

This condensed consolidated interim financial information has not been audited.

### Basis of preparation

This condensed consolidated interim financial information for the six months ended 30<sup>th</sup> June 2008 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34). The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRSs as adopted by the European Union.

### Accounting policies

The accounting policies and methods of computation applied are consistent with those of the annual financial statements for the year ended 31 December 2007 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.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008, but are not currently relevant for the group:

- IFRIC 11, 'IFRS2 – Group and treasury share transactions'
- IFRIC 12, 'Service concession arrangements'
- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'

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.

### Liquidity position

The Group is in the early stages of development. Through the use of \$ 80 million of the initial equity placement and the \$ 210 million bond issue, the Company has raised sufficient funds to pay the forecast construction cost of the first two ESV<sup>TM</sup> vessels through to anticipated delivery. Management monitors on a monthly basis the development of the actual and forecast delivery cost to ensure the funds allocated remain sufficient to finance the two ESV<sup>TM</sup> vessels through to anticipated delivery.

### **Liquidity position (continued)**

After allowing for the financing of the first two ESV™ vessels, the balance of the initial equity proceeds supplemented by the proceeds of the IPO equity raise completed in Q2 2008 have been retained to finance overhead costs, working capital needs and expenditure on long lead items associated with the construction of a potential third ESV™ vessel.

At 30 June 2008, the Company had cash and cash equivalents of \$162.2m (31 Dec 2007, \$208.5m) of which \$ 40.0m (31 Dec 2007, \$ 27.7m) 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 the construction of two ESV™ vessels. The Company purchases the key equipment for the ESV™ vessels and supplies the equipment (Owner Furnished Equipment – OFE) to the respective shipyards for installation into the ESV™ vessels. The Company has purchased most of the OFE for the first two ESV™ vessels and has signed construction contracts with Yantai Raffles Shipyard Limited for ESV™ vessel 1 and with COSCO Nantong for ESV™ vessel 2. Under the OFE and shipyard contracts the Company is obligated to make interim payments on the achievement of progress or physical milestones. The payments made against these milestones are recorded as Construction in Progress. During the first and second quarters the Company supplied some materials acquired for the construction of ESV™ vessel 3 to the shipyard constructing ESV™ vessel 1 and the Company will receive a credit against the lump sum shipyard construction contract to reflect the cost of supply of these materials. The transfer of these assets was recorded as an asset disposal during Q2 2008.

The Company has committed to the procurement of long lead materials and OFE in order to facilitate a third vessel when justified by client demand. Payments made in respect of the third ESV™ vessel have also been recorded as Construction in Progress. The Company had entered into an LOI (taking the form of a limited expenditure contract) with Beacon Maritime for the build of a third ESV™ vessel. This LOI with Beacon Maritime expired during the period. The engineering and materials procured under the Beacon LOI with a deemed future value have been retained as Construction in Progress whilst the project management and engineering with no deemed future value has been expensed to the P&L.

## Remedial (Cyprus) Public Company Limited

### Construction in progress (continued)

The movements in Construction in Progress were attributed as follows:

	\$000s
<b>6 months ended 30 June 2007</b>	
Opening net book amount	20,548
Additions	36,017
Depreciation charge	-
Closing net book amount	<u>56,565</u>
<b>At 30 June 2007</b>	
Cost	56,565
Accumulated depreciation	-
Net book amount	<u>56,565</u>
<b>6 months ended 30 June 2008</b>	
Opening net book amount	112,346
Additions	69,242
Disposals	(6,371)
Depreciation charge	-
Closing net book amount	<u>175,217</u>
<b>At 30 June 2008</b>	
Cost	175,217
Accumulated depreciation	-
Net book amount	<u>175,217</u>

Analysis of construction in progress cost by individual ESV<sup>TM</sup> vessel is as follows:

	<i>30 June 2008</i>	<i>31 December 2007</i>
	\$000s	\$000s
ESV <sup>TM</sup> vessel 1 (Yantai)	73,082	41,238
ESV <sup>TM</sup> vessel 2 (COSCO)	86,183	56,167
ESV <sup>TM</sup> vessel 3	15,952	14,941
	<u>175,217</u>	<u>112,346</u>

The expenditures relating to vessel 3 principally relate to the procurement of long lead materials and equipment which are anticipated to be used in the construction of a future additional vessel. Approximately \$ 2m of engineering and materials expenditure associated with the Beacon fabrication LOI have been carried forward on the basis of representing future value. \$1.5m of project management and engineering cost deemed to have no future value was expensed to the P&L.

During the period \$ 4,8m of Owner Furnished materials were sold from ESV<sup>TM</sup> vessel 3 assets to the ESV<sup>TM</sup> vessel 1 ship builder in order to aid the construction progress of vessel 1.

## Remedial (Cyprus) Public Company Limited

### Construction in progress (continued)

Analysis of Construction in Progress additions by nature:

	<i>30 June 2008</i>	<i>30 June 2007</i>
	\$000s	\$000s
Third party expenditures – shipyard	31,269	17,954
Third party expenditures – OFE, transport, misc	27,865	13,939
Capitalised interest paid	9,709	5,689
Capitalised interest earned	(2,167)	(2,593)
Income tax provision on capitalised interest received	217	-
Fair value changes	(290)	-
Bond Amortisation	105	198
Direct payroll costs capitalised	1,267	433
Direct expenses capitalised	507	118
Overhead capitalised	760	279
	<b>69,242</b>	<b>36,017</b>

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

### Intangible Assets

Intangible assets include payments made to purchase technologies related to the design and operation of the ESV™ units and the cost of applying for patents for these items (8 patents are currently being applied for) and software licence costs. At 30<sup>th</sup> June 2008, \$ 2.9m net book value of intangible assets is represented by \$ 2.3 relating to technology and \$ 0.6m relating to software licences and ERP system development costs.

### Fair value of derivatives and other financial instruments

The Company has two derivative financial instruments carried at fair value: a liability relating to the valuation of Founder Warrants as calculated under IAS 39 of \$3.5m (31 Dec 2007, \$4.1m) and a \$4.9m (31 Dec 2007, \$4.6m) asset relating to the fair value of put and call options within the \$210m bond agreement.

During the period 10,000 of the 225,000 original Founder Warrants were exercised through the subscription of cash in return for shares issued. The difference between the cash received and the fair value of the shares issued was booked to the P&L as a cost of employee services within Administrative expenses. The movement on the Founder Warrants of \$ 0.6m is credited to the P&L and reflects the cancellation of the financial instrument relating to the 10,000 Founders Warrants as well as a reduction in the share price of Remedial during the period.

The increase of \$ 0.3m of the fair value of the bond put and call options during the period is credited to Construction in Progress.

## Remedial (Cyprus) Public Company Limited

### Equity

During the period the Company increased the number of share authorised and in issue through a 4 for 1 share split. The Company also issued during the period 40,000 shares at \$ 2 per share as a result of the exercise of 10,000 Founder Warrants and 5,400,900 shares at 27 NOK per share at the time of the IPO. The Investment Bank Fees related to the IPO share issuance have been charged to the share premium account.

At the end of Q2 2008 the Company had 29,440,924 shares in issue with a par value of \$ 0.0025.

### Operating loss for the period

The result for the six months to 30 June 2008 was a loss of \$3.4m (2007, loss of \$2.2m). The Cost of Sales for the period includes the write off of Construction in Progress costs (project management and engineering) considered to have no future value following the termination of the Beacon ship building contract. The write off was partially offset by a gain on disposal arising from Construction in Progress materials sold during the period. The loss for the period also includes \$ 0.7m of administrative expenses incurred in respect of accounting, legal and due diligence fees associated with the IPO of the Company.

### Capital commitments

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

	30 Jun. 2008	31 Dec. 2007
	\$000s	\$000s
No later than 1 year	115,798	123,710
Later than 1 year and no later than 5 years		24,407
	<u>115,798</u>	<u>148,117</u>

### Contingent Liability

The Company has committed to a dry tow contract for the transportation of the COSCO ESV™ vessel for an amount of \$ 5,775,000. As a consequence of the delay in the delivery of the COSCO vessel, the Company is seeking alternate uses for the dry tow vessel. In the event that the Company cancel the dry tow contract prior to mobilisation of the vessel, the Company would be exposed to a cancellation fee of approximately \$ 4.6m

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