



PRESS RELEASE

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Remedial Releases 1st Quarter 2009 Results

12 May 2009 – The Board of Directors of Remedial (Cyprus) Public Company Limited (‘the Company’) today approved the unaudited consolidated accounts for the 3 months ended 31 Mar 2009. See the “Financial Information” section in this release for details.

Market Update

The Company continues to pursue business opportunities in the Far East, Middle East and South America. The Company is in discussion with potential clients regarding the opportunity to provide and operate its Elevating Support Vessels on long term contracts. The Company is also investigating potential short term charter opportunities and alternative employment for its vessels.

During 2008, Remedial Offshore Limited was awarded a contract by Chevron Offshore (Thailand) Limited (Chevron), to provide one of its Elevating Support Vessels 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 providing the Company with 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 construction build status can be seen at www.remedialoffshore.com.

COSCO: *Remedial ESV Solution* is under construction at COSCO (Nantong) Shipyards and was approximately 97% complete at 31 March 2009, with the main remaining activities at Nantong being the commissioning of the jacking system and vessel equipment. After completion of the commissioning the vessel will be moved down river to COSCO Qidong for installation of its upper leg sections and thrusters, followed by the vessel’s sea trials. The Company and COSCO anticipate that *Solution* will be delivered around the end of June.

Yantai: The *Remedial ESV Guardian* under construction at Yantai Raffles Shipyard (YRS) was approximately 75% complete at 31 March 2009. YRS have set all major equipment inside the hull, are progressing with installation of piping and have commenced pulling cables. The latest schedule from YRS forecasts that *Guardian* will be delivered by 30 September 2009.

ESV 3: The Company had committed to procuring long-lead materials and equipment for a potential third vessel. The key commitments involved leg material, thrusters, cranes and engines, which have been delivered. Given the current state of financial markets, no further procurement commitments are being made for a third vessel. The Company is receiving enquiries regarding possible sale(s) of this equipment and will sell this equipment provided acceptably priced offers are received.

Owner-Furnished Equipment: The Owner-Furnished Equipment (OFE) for the first two vessels has been delivered to the shipyards in accordance with or in advance of the shipyard construction programmes.

Work-Over Rigs: The construction of the two lift-off workover rigs is well under way; all key components have been procured, the fabrication subcontract for the first rig is nearly complete, and the rig is now stacked and ready for functional testing.

Expenditures

During the quarter, the Company incurred expenses on offshore personnel and administrative support. The Q1 results include a \$3.1 million charge relating to the mark-to-market valuation of interest rate swaps.

Financing

During the quarter the Company notified the Bond Trustee of the delay in delivery of *Remedial ESV Solution*. Under the terms of the \$210 million Bond Agreement the Company must demonstrate the two vessels remain fully financed until delivery. The Bond Trustee has requested a third-party review of the Company forecasts. At the end of Q1 2009, Remedial held \$72 million of funds in escrow to cover future expenditure commitments for constructing and financing the first two vessels. Based upon the results of the third-party review the Company may be required to allocate up to \$5 million of additional funds for delivery of the first two vessels.

As of 31st March 2009, the Company held \$14 million of free cash to cover future operating costs and additional commitments to finance the first two vessels. The Company can supplement its cash balance with the possible OFE sales. The Company may be required to raise additional monies to secure the capital required to fund the Company through to commencement of revenue-generating contracts.

During Q4 2008, the Company entered into a forward contract to fix the floating 3-Month USD LIBOR interest rate on the \$210m bond at 2.05% for 2009. During Q1 2009, the Company entered into additional

forward contracts to fix the floating 3-Month USD LIBOR interest rate on \$ 210m bond at 1.55% for the first six months of 2010 and then 2.605% for the period from July 2010 to March 2012. In addition to the floating rate, the Bond carries a margin of 5.25%.

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)

	3 Months 2009	3 Months 2008
Revenue	-	-
Cost of Sales	(440)	-
Gross Loss	(440)	-
Administrative Expenses	(1,526)	(1,241)
Other (losses) / gains	(3,106)	114
Operating Loss	(5,072)	(1,126)
Finance income	1	149
Loss Before Income Tax	(5,071)	(977)
Income tax	-	(32)
Net Loss for the Period	(5,071)	(1,009)
Other Comprehensive Income:		
Currency translation differences	(1)	-
Other comprehensive income for the period	(1)	-
Total comprehensive Income for the period	(5,072)	(1,009)
Loss per share in \$ (basic and diluted)	(0.17)	(0.04)*

*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 Statement of Financial Position (not audited)

(Expressed in United States dollars in thousands)

	31 Mar. 2009	31 Dec. 2008	31 Mar. 2008
Assets			
Non-current assets:			
Plant and equipment	3,920	3,932	542
Construction in progress	214,224	195,166	156,988
Intangible assets	4,004	3,694	2,639
Derivative financial instruments	3,520	3,195	5,178
	225,668	205,987	163,347
Current assets:			
Receivables and other current assets	603	822	1,290
OFE held-for-sale	20,581	16,488	-
Cash and cash equivalents	85,910	113,059	156,690
	107,094	130,369	157,980
Total assets	332,762	336,356	323,327
Equity			
Capital and reserves attributable to equity holders :			
Ordinary shares	74	74	60
Share premium	136,134	136,134	108,894
Other reserves	1,791	1,703	1,498
Accumulated deficit	(21,340)	(16,268)	(9,061)
Total equity	116,659	121,643	101,391
Liabilities			
Non-current liabilities:			
Borrowings	209,330	209,281	209,130
Deferred tax liability	51	51	51
	209,381	209,332	209,181
Current liabilities:			
Payable and other current liabilities	2,085	4,043	7,764
Current income tax liabilities	1,164	1,258	1,026
Derivative financial instruments	3,473	80	3,965
	6,722	5,381	12,755
Total liabilities	216,103	214,713	221,936
Total liabilities and equity	332,762	336,356	323,327

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 Quarter Ended 31 March 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	-	-	-	(1,009)	(1,009)
Total recognised expense to Q1 2008	-	-	-	(1,009)	(1,009)
Employee share option scheme: - value of employees' services	-	-	378	-	378
Balance as of 31 March 2008	60	108,894	1,498	(9,061)	101,391
Balance as of 1 January 2009	74	136,134	1,703	(16,268)	121,643
Comprehensive loss for the period	-	-	-	(5,072)	(5,072)
Total recognised expense to Q1 2009	-	-	-	(5,072)	(5,072)
Employee share option scheme: - value of employees' services	-	-	88	-	88
Balance as of 31 March 2009	74	136,134	1,791	(21,340)	116,659

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 31 March 2009

(Expressed in United States dollars in thousands)

	3 Months 2009	3 Months 2008
Cash flows from operating activities		
Net loss before income tax	(5,071)	(977)
Adjustments for:		
Depreciation	46	47
Amortisation	121	35
Share options – value of employees’ services	88	379
Change in fair value of derivative financial instruments	3,106	(115)
Finance income	(1)	(149)
Operating loss before changes in operating assets and liabilities	(1,711)	(780)
Increase/Decrease of:		
Trade and other receivables	383	(154)
OFE held for sale	(4,093)	-
Trade and other liabilities	(2,493)	724
Net cash used in operating activities	(7,914)	(210)
Interest paid	(2)	(2)
Income tax paid	(113)	-
Net cash used in operating activities	(8,029)	(212)
Cash flows from investing activities		
Purchase of plant and equipment	(34)	(113)
Payments for construction in progress	(15,402)	(47,674)
Interest received credited to construction in progress	291	1,856
Purchase of intangible assets	(431)	(499)
Interest received	21	208
Net cash used in investing activities	(15,555)	(46,222)
Cash flows from financing activities		
Interest paid capitalised to construction in progress	(3,565)	(5,365)
Proceeds from issuance of short term debt	-	-
Net cash from financing activities	(3,565)	(5,635)
Net decrease in cash and cash equivalents	(27,149)	(51,799)
Cash and cash equivalents as of beginning of period	113,059	208,489
Cash and cash equivalents as of end of period	85,910	156,690

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 under the name of Brufani Shipmanagement Limited, and changed its name to Remedial (Cyprus) Limited on 5 October 2006 and later 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 cyclical effects.

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

This condensed consolidated interim financial information has not been audited.

Basis of Preparation

This condensed consolidated interim financial information for the quarter ended 31 March 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.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- 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)

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the group:

Improvements to IFRSs – 2008

Amendments to IFRS 1 and International Accounting Standard (IAS) 27 “Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”

Amendment to IFRS 2 “Share Based Payment: Vesting Conditions and Cancellations”

IFRS 8 “Operating Segments”

IAS 23 (Revised) “Borrowing Costs”

Amendments to IAS 32 and IAS 1 “Puttable Financial Instruments and Obligations arising on Liquidation”

International Financial Reporting Interpretation Committee (IFRIC) 12 “Service Concession Arrangements”

International Financial Reporting Interpretation Committee (IFRIC) 13 “Customer Loyalty Programmes”

The following new standards, amendments to standards and interpretations have been issued, but have not yet been adopted by the EU or are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

Standard / Interpretation	Periods beginning on or after
<i>(i) Adopted by the European Union but not yet effective</i>	
International Financial Reporting Interpretation Committee (IFRIC) 12 “Service Concession Arrangements”	29 March 2009
<i>(ii) Not adopted by the European Union</i>	
IFRS 1 (Revised) “First Time Adoption of International Financial Reporting Standards”	1 January 2009
IFRS 3 (Revised) “Business Combinations”	1 July 2009
IFRS 7 (Amendments) “Financial Instruments: Disclosures: Improving disclosures about financial instruments”	1 January 2009
IAS 27 (Revised) “Consolidated and Separate Financial Statements”	1 July 2009
Amendment to IAS 39 “Eligible Hedged Items”	1 July 2009
Amendment to IAS 39 “Reclassification of Financial Assets: Effective date and Transition”	1 July 2008
IFRIC 15 “Agreements for the Construction of Real Estate”	1 January 2009
IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”	1 October 2008
IFRIC 17 “Distributions of Non cash Assets to Owners”	1 July 2009
IFRIC 18 “Transfers of Assets from Customers”	1 July 2009

The functional currency of the company 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 development phase.

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Liquidity Position (continued)

During the quarter the Company notified the Bond Trustee of the delay in delivery of *Remedial ESV Solution*. Under the terms of the \$210 million Bond Agreement the Company must demonstrate the two vessels remain fully financed until delivery. The Bond Trustee has requested a third-party review of the Company forecasts. At the end of Q1 2009, Remedial held \$72 million of funds in escrow to cover future expenditure commitments for constructing and financing the first two vessels. Based upon the results of the third-party review the Company may be required to allocate up to \$5 million of additional funds for delivery of the first two vessels.

The Company held \$14 million of free cash to cover future operating costs and additional commitments to the financing of the first two vessels and can supplement its cash balance with the possible OFE sales. The Company may be required to raise additional funds to secure the capital required to fund the Company through to commencement of revenue-generating contracts.

At 31 March 2009, the Company had cash and cash equivalents of \$85.91 million (2008: \$113.06 million) of which \$13.86 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 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
Disposals	<u>(14,941)</u>
Closing net book amount	<u>195,166</u>
Period ended 31 March 2009	
Opening net book amount	195,166
Additions	<u>19,058</u>
Closing net book amount	<u>214,224</u>

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Construction in Progress (continued)

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

	31 Mar. 2009 \$000s	31 Dec. 2008 \$000s
Remedial ESV Guardian	99,123	85,086
Remedial ESV Solution	115,101	109,360
	214,224	196,166

Analysis of Construction in Progress net additions by nature:

	31 Mar. 2009 \$000s	31 Dec. 2008 \$000s
Third party expenditures – shipyard	8,037	37,960
Third party expenditures – OFE, work-over rig , transport	5,508	36,554
Capitalised interest incurred	3,565	18,770
Capitalised interest earned	(291)	(3,349)
Income tax provision on capitalised interest received	18	335
Fair value changes – derivative financial instruments	287	1,388
Amortisation – bond issue costs	49	195
Direct payroll costs capitalised	1,228	2,733
Direct expenses capitalised	274	1,311
Overhead capitalised	383	1,864
	19,058	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 of the vessels at the shipyards.

Intangible Assets

As of 31 March 2009, net book value of intangible assets is \$2.24 million relating to technology and \$1.76 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 interest SWAP valuation as calculated under IAS 39 of \$3.47 million (31 Dec 2008, \$0.01 million) and a \$3.52 million (31 Dec 2008, \$3.19 million) asset relating to fair value of put and call options within the \$210 million bond agreement.

Remedial (Cyprus) Public Company Limited

Notes to the Condensed Interim Financial Information

Equity

There has been no change in the Company's number of shares during the quarter. At the end of Q1 2009 the Company had 29,440,924 shares (Q1 2008: 6,000,006 shares) in issue with a par value of \$0.0025 (Q1 2008: \$0.01).

Operating loss for the period

The result for the quarter ended 31 March 2009 was a loss of \$5.07 million (Q1 2008, loss of \$1.01 million). The Cost of Sales for the quarter includes costs incurred for offshore personnel salaries and wages, hiring costs and training. The loss for the quarter also includes \$3.39 million cost relating to increase in the fair value of derivative financial liability instrument.

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:

	31 Mar. 2009	31 Dec. 2008
	\$000s	\$000s
No later than 1 year	68,644	81,110
Later than 1 year and no later than 5 years	-	-
	68,644	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:

	31 Mar. 2008	31 Dec. 2008
	\$000s	\$000s
No later than 1 year	2,011	5,949
Later than 1 year and no later than 5 years	-	-
	2,011	5,949

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