



PRESS RELEASE

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Remedial Releases 3rd Quarter 2008 Results

12 November 2008 – The Board of Directors of Remedial (Cyprus) Public Company Limited today approved the unaudited consolidated accounts for the 9 months ended 30 September 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 28th August 2008, Remedial Offshore Limited, a subsidiary of Remedial (Cyprus) PCL announced that it had been awarded its first contract by Chevron Offshore (Thailand) Limited, a subsidiary of Chevron, to provide one of its Elevating Support Vessels for operations in the Gulf of Thailand. The 2-year contract has an initial 24-month term and gives Chevron the option for a 1-year extension. The contract commences between 31 March and 31 May 2009.

The Company continues to pursue business opportunities in the Far East, Middle East and South America in order to secure a contract for the other vessel under construction.

Vessel Construction Update

Latest photos of the construction build status can be seen at www.remedialoffshore.com.

COSCO: The ESV™ vessel under construction at COSCO (Nantong) Shipyards is approximately 87% complete. The ship building contract committed COSCO to deliver the vessel by mid-September 2008. The technical issues reported in Q2 2008 have been resolved but have caused the delivery of the vessel to be delayed. Remedial forecast that the vessel will be delivered mid to late Q1 2009 in due time to meet the contractual start window of the Chevron contract.

Yantai: The ESV™ vessel under construction at Yantai Raffles Shipyard (YRS) is approximately 62% complete. By early November, YRS have completed the hull block fabrication and have one remaining deck section to install in order to make the hull weather-tight. YRS are maintaining their revised forecast delivery date of late Q1 2009 based upon their actual progress compared to plan. However, Remedial see a risk of further slippage of the vessel delivery date into Q2 2009.

ESV 3: Remedial has committed to the procurement of long lead materials and equipment for a potential third vessel. The key commitments were in respect to leg materials, thrusters, cranes and engines. Given the current state of the financial markets, no further commitments will be made until a customer contract is secured for the Yantai vessel.

Owner Furnished Equipment: By the end of the quarter, approximately 95% of the Owner Furnished Equipment for the first two vessels had been delivered to the shipyards in accordance with the shipyard construction program. The construction of the lift-off workover rig is well under way, all key components have been procured and the fabrication subcontracts are progressing.

Expenditures

The results for Q3 2008 include \$ 3.8m of cost in respect to the termination of a dry tow contract. The results of the quarter also include a credit of \$ 1.5m arising from the revaluation of the Fair Value of the Founder Warrants as a consequence in the reduction of the Remedial share price and the strengthening of the USD against the NOK.

Financing

At the end of Q3 2008, Remedial held \$ 109m of funds in an escrow account to cover the future expenditure commitments for the construction and financing of the first two vessels. The development of the actual and forecast delivery costs are monitored on a monthly basis to ensure the funds allocated remain sufficient to finance the first two ESV™ vessels through to anticipated delivery. Remedial also held \$ 31m of free cash to cover future operating costs and commitments to long lead equipment and materials in respect to the potential third vessel.

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, with engineering & procurement functions in Houston and operational functions managed from 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 Income Statement (not audited)

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

	<i>Q3 2008</i>	<i>Q3 2007</i>	<i>9 Months 2008</i>	<i>9 Months 2007</i>
Revenue	-	-	-	-
Cost of Sales	(3,870)	(750)	(4,244)	(750)
Gross Profit	(3,870)	(750)	(4,244)	(750)
Administrative Expenses	(978)	(981)	(4,755)	(3,326)
Other gains / (losses)	1,545	481	2,096	(717)
Operating Loss	(3,303)	(1,250)	(6,903)	(4,793)
Finance income	132	477	350	2,101
Loss Before Income Tax	(3,171)	(773)	(6,553)	(2,692)
Income tax	(10)	(83)	(52)	(325)
Net Loss for the Period	(3,181)	(856)	(6,606)	(3,016)
Loss per share in \$ (basic and diluted)	(0.11)	(0.14)	(0.26)	(0.50)

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)

	<i>30 Sept. 2008</i>	<i>31 Dec. 2007</i>
Assets		
Non-current assets		
Plant and equipment	521	452
Construction in progress	189,707	112,346
Intangible assets	3,271	2,200
Derivative financial instruments	4,875	4,583
	198,374	119,581
Current assets		
Trade and other receivables	1,314	1,641
Cash and cash equivalents	139,785	208,489
	141,099	210,130
Total assets	339,473	329,711
Equity		
Capital and reserves attributable to equity holders		
Ordinary shares	74	60
Share premium	136,300	108,894
Other reserves	1,798	1,120
Accumulated deficit	(14,658)	(8,052)
Total equity	123,514	102,022
Liabilities		
Non-current liabilities		
Borrowings	209,260	209,086
Deferred tax liability	51	-
	209,311	209,086
Current liabilities		
Trade and other payables	3,496	13,620
Current income tax liabilities	1,168	903
Derivative financial instruments	1,984	4,080
	6,648	18,603
Total liabilities	215,959	227,689
Total liabilities and equity	339,473	329,711

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 9 Months Ended 30 September 2008

(Expressed in United States dollars in thousands)

	<u>Share Capital</u>	<u>Share Premium*</u>	<u>Retained Earnings</u>	<u>Other Reserves</u>	<u>Total</u>
Balance at 1 January 2007	60	108,894	(3,923)	-	105,031
Net loss for the period	-	-	(3,016)	-	(3,016)
Total recognised expense to Q3 2007	-	-	(3,016)	-	(3,016)
Employee share option scheme: - value of employees' services	-	-	-	762	762
Balance as of 30 Sept 2007	<u>60</u>	<u>108,894</u>	<u>(6,939)</u>	<u>762</u>	<u>102,777</u>
Balance as of 1 January 2008	60	108,894	(8,052)	1,120	102,022
Net loss for the period	-	-	(6,606)	-	(6,606)
Total recognised expense to Q3 2008	-	-	(14,658)	-	(6,606)
Share issue on exercise of Founder Warrants	-	245	-	-	245
Share issue at IPO	14	28,493	-	-	28,507
Investment Bank Fees	-	(1,332)	-	-	(1,332)
Employee share option scheme: - value of employees' services	-	-	-	678	678
Movements in the period to Sept 2008	<u>14</u>	<u>27,406</u>	<u>-</u>	<u>678</u>	<u>28,098</u>
Balance as of 30 Sept 2008	<u>74</u>	<u>136,300</u>	<u>(14,658)</u>	<u>1,798</u>	<u>123,514</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 9 Months Ended 30 September 2008

(Expressed in United States dollars in thousands)

	<i>9 Months 2008</i>	<i>9 Months 2007</i>
Cash flows from operating activities		
Net loss before income tax	(6,553)	(2,692)
Adjustments for:		
Depreciation	147	65
Amortisation	105	96
Share options – value of employees’ services	844	765
Change in fair value of founders warrants	(2,096)	717
Finance income	(350)	(2,101)
Operating loss before changes in operating assets and liabilities	(7,903)	(3,150)
Trade and other receivables	(372)	(781)
Trade and other liabilities	438	84
Net cash used in operating activities	(7,837)	(3,847)
Interest paid	(15)	-
Income tax paid	(8)	(275)
Net cash used in operating activities	(7,860)	(4,122)
Cash flows from investing activities		
Purchase of plant and equipment	(158)	(245)
Payments for construction in progress	(82,488)	(56,660)
Proceeds of sale of construction in progress	6,020	-
Interest received credited to construction in progress	3,354	4,146
Purchase of intangible assets	(1,233)	(110)
Proceeds on redemption of investments in securities	-	85,681
Interest received	413	655
Dividends received	-	1,334
Net cash (used in)/from investing activities	(74,092)	34,791
Cash flows from financing activities		
Interest paid capitalised to construction in progress	(14,006)	(11,383)
Proceeds from share issues	27,254	-
Proceeds from bond issue	-	204,750
Net cash from financing activities	13,248	193,367
Net (decrease)/increase in cash, cash equivalents & bank overdrafts	(68,704)	224,036
Cash, cash equivalents and bank overdrafts as of beginning of period	208,489	(32)
Cash, cash equivalents and bank overdrafts as of end of period	139,785	224,004

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, 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 board of directors on 12 November 2008.

This condensed consolidated interim financial information has not been audited.

Basis of preparation

This condensed consolidated interim financial information for the nine months ended 30th September 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:

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures";
- Amendments to IAS 23 "Borrowing costs" ;
- Amendments to IAS 1 "Presentation of Financial Statements";
- IAS 27 "Consolidation and Separate Financial Statements";
- IFRS 3 "Business Combination";
- Amendment to IFRS 2 "Shared Based Payment.

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™ 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™ vessels through to anticipated delivery.

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 September 2008, the Company had cash and cash equivalents of \$140m (31 Dec 2007, \$209m) of which \$ 31m (31 Dec 2007, \$ 28m) related to cash available for general corporate purposes and commitments to long lead equipment and materials in respect to the potential third vessel.

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 nine-month period ending 30 September 2008, the Company supplied some materials acquired for the construction of ESV™ vessel 3 to the shipyard constructing ESV™ vessel 1 and the Company has received 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 to facilitate a third vessel when justified by client demand and when the appropriate financial market conditions exist. 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 second quarter. 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
9 months ended 30 September 2007	
Opening net book amount	20,548
Additions	67,738
Depreciation charge	-
Closing net book amount	<u>88,286</u>
At 30 September 2007	
Cost	88,826
Accumulated depreciation	-
Net book amount	<u>88,826</u>
9 months ended 30 September 2008	
Opening net book amount	112,346
Additions	83,732
Disposals	(6,371)
Depreciation charge	-
Closing net book amount	<u>189,707</u>
At 30 September 2008	
Cost	189,707
Accumulated depreciation	-
Net book amount	<u>189,707</u>

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

	<i>30 September 2008</i>	<i>31 December 2007</i>
	\$000s	\$000s
ESV™ vessel 1 (Yantai)	78,395	41,238
ESV™ vessel 2 (COSCO)	91,094	56,167
ESV™ vessel 3	20,218	14,941
	<u>189,707</u>	<u>112,346</u>

The expenditures relating to ESV™ 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 vessel 3 assets to the ESV vessel 1 ship builder to aid the construction progress of ESV vessel 1.

Remedial (Cyprus) Public Company Limited

Construction in progress (continued)

Analysis of Construction in Progress additions by nature:

	<i>30 Sept 2008</i>	<i>30 Sept 2007</i>
	\$000s	\$000s
Third party expenditures – shipyard	35,408	36,895
Third party expenditures – OFE, transport, misc	32,767	22,506
Capitalised interest paid	14,006	11,383
Capitalised interest earned	(2,704)	(5,135)
Income tax provision on capitalised interest received	270	-
Fair value changes	(292)	-
Bond Amortisation	174	401
Direct payroll costs capitalised	2,462	1,020
Direct expenses capitalised	295	112
Overhead capitalised	1,346	556
	83,732	67,738

Capitalised payroll costs are in respect of employees who have responsibility for ensuring the design and engineering specifications of the ESVTM 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 being applied for) and software licences. At 30th September 2008, \$ 3.2m net book value of intangible assets is represented by \$ 2.3m relating to technology and \$ 0.9m 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 \$2.0m (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 second quarter 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 \$ 2.1m 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 shares 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 Q3 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 nine months to 30 September 2008 was a loss of \$6.5m (2007, loss of \$3.0m). 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 and termination of dry towing 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 Sept 2008	31 Dec. 2007
	\$000s	\$000s
No later than 1 year	111,356	123,710
Later than 1 year and no later than 5 years	-	24,407
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	111,356	148,117

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