

Remora ASA - Q2 2009

Business activities

The past few months have been eventful to Remora. The construction of the HiLoad is now near completion and the company is fully funded into 2010. In combination with increased industry interest this provides increased reasons for optimism.

- Sea-trial workshop for HiLoad DP no.1 with participation from several oil majors. Continued positive feedback and interest, from core customer base.
- Construction project for HiLoad DP no. 1 in progress after June setback as yard had a project stop.
- Positive dialogue with Stena for continuation of the HiLoad MVD project.
- Funding till second quarter 2010 secured through commitment of NOK 150 mill shareholder loan.

Market activities

Marketing efforts are focused on employment of HiLoad DP no.1, and Remora sees an increased interest from several market players as the project is moving closer towards completion and initiation of the sea-trial testing of the vessel. Remora is in dialogue with several operators, discussing specific applications for the vessel's start up contract. In this respect the upcoming sea trials will be a significant milestone in the work to secure a start-up contract for HiLoad DP no.1.

As part of the preparations for the sea trials, and as a follow-up of the successful Hazid performed in March, a one day workshop was conducted in Houston in June, gathering a large number of major E&P operators. The objective was to discuss and get feedback on the planned sea trial program. Remora is pleased with the outcome of the workshop, and the fact that most of the participants have expressed interest in participation of the sea-trials is considered to be further evidence of the high potential the HiLoad represents.

Remora has continued the positive dialogue with Stena on the HiLoad MVD, after completion of phase 1 in the EPC-contract. A decision on phase 2 is expected during the third quarter 2009.

Construction of HiLoad DP no. 1

Completion and testing of systems have continued through the second quarter and the summer, with no major negative findings. All engines were started and tested during the summer and the results from these tests were positive.

Second quarter progress was hampered by a period of gradual de-mobilization and eventually shut down of all construction activities on HiLoad DP no.1. Work was resumed after one week. However, combined with a challenging re-mobilisation of personnel, the de-mobilization and shut-down had a negative impact on the expected delivery of the vessel. The construction project has had good progress after June setback.

Remora is focusing all efforts on securing progress in the final phase of the project, without compromising on quality. Furthermore, Det norske Veritas is approving all work handed over by Aibel in the Mechanical Complete procedures.

Based on the current status and remaining scope of work, Remora estimates completion of the vessel during Q3 2009, Inshore testing will then take place in October, with the sea trials following directly thereafter.

The arbitration process with Aibel is proceeding, and is expected to be concluded in 2010.

Financing activities

Remora closed a committed NOK 150 million shareholder loan on competitive terms in early July. The loan was secured through pre-subscription and guarantees from five of the largest shareholders in the company. Proceeds from the loan will be used to finance costs related to the construction, commissioning and testing of the HiLoad DP no.1. The company is now fully financed until the second quarter 2010 and combined with the continuous strong market interest Remora consider itself to be in a good position to provide potential solid value creation.

In parallel with the shareholder loan, the company issued 18.75 million independent subscription rights, each granting the holder the right to acquire one share in the company at NOK 10 prior to November 30, 2011.

Financial results

The financials for Remora ASA for the second quarter of 2009 are presented below. All figures are presented in MNOK. The accounts have not been audited.

Income Statement	Jan-Juni 2009	Jan-Juni 2008	Jan-Des 2008
Operating income	0,4	0,2	3,6
Operating expenses	17,1	16,1	41,8
Net operating loss	(16,7)	(15,9)	(38,2)
Net financial items	(0,5)	2,3	10,9
Net loss before tax	(17,2)	(13,6)	(27,3)

Income statement

Operating expenses are related to project costs and administration costs related to running operations.

Balance Sheet	30.06.2009	30.06.2008	31.12.2008
Intangible assets	38,9	38,9	38,9
Fixed assets	3,6	0,5	3,1
Construction in progress	592,3	326,0	451,0
Shares and other assets	26,2	0,9	1,1
Other current assets	66,4	10,7	33,6
Cash and bank	(6,8)	162,3	20,0
Total assets	720,5	539,3	547,7
Total equity	614,6	529,6	515,1
Long term liabilities	10,1		
Other current liabilities	95,8	9,7	32,6
Total equity and liabilities	720,5	539,3	547,7

Balance sheet

Construction in progress is mainly related to HiLoad DP no 1. Main items are equipment, construction cost and cost related to sea launching and commissioning. Other current assets consist of VAT receivables, accounts receivable, payment in advance and withheld disputed amount from reimbursable invoices from Aibel. Long term liabilities are related to the drawdown of Credit Bank Facility for the building of long-lead equipment for HiLoad DP no 2. Other current liabilities relate to short term accruals for costs and debt to vendors, including the withheld disputed amount booked as other current assets, as well as a committed amount related to the investment of shares in a subsidiary company.

Cash flow

Main cash flow out of the company is related to costs for the HiLoad DP no. 1 project, preparation for sea launching, commissioning and testing of the vessel as well as administration costs

Shareholder issues:

The 20 largest shareholders (registered in VPS per June 30 2009) are:

Shareholder	Number of shares	Ownership
HITEC INDUSTRIES PORTFOLIO KS	4,650,277	24.4 %
UBS AG, LONDON BRANCH	3,819,904	20.0 %
STENA INVESTMENT SARL	2,379,670	12.5 %
HILOAD HOLDING AS	1,625,401	8.5 %
SOBRA FINANS II AS	1,562,851	8.2 %
SKEIE CAPITAL INVESTMENT AS	1,338,788	7.0 %
KONGSBERG GRUPPEN ASA	691,000	3.6 %
SKAGEN VEKST	550,521	2.9 %
STYRBJØRN AS	461,492	2.4 %
DET STAVANGERSKE DAMPSKIBSSEL.AS	294,554	1.5 %
MORGAN STANLEY & CO INTL PLC	265,000	1.4 %
PACTUM AS	205,000	1.1 %
SEB PRIVATE BANK S.A. LUXEMBOURG	200,000	1.0 %
MP PENSJON	136,000	0.7 %
ISINVEST AS	129,748	0.7 %
STATE STREET BANK AND TRUST CO.	123,738	0.6 %
GOLDMAN SACHS INT. - EQUITY -	103,754	0.5 %
DAHLE	83,235	0.4 %
BD TRADING AS	75,668	0.4 %
JCE GROUP AB	64,874	0.3 %
OTHERS	337,301	1.8 %

As of June 30, the last registered share price is NOK 20 per share.

Shares owned by the Board of Directors, per June 30:

- Jon Gjedebo owns 24 629 shares directly and through Naust AS. In addition he represents the majority of shares in Hitec Industries, who in turn owns 92, 4 % of HiLoad Holding AS.
- Yuhong Jin Hermansen, controls 294 554 shares through Det Stavangerske Dampskibsselskap and owns 2 837 shares directly.