

Remora ASA - Q3 2009

Business activities

Third quarter has been a challenging quarter for Remora, with setbacks in the construction project for HiLoad DP no.1. Hence the expected timing of delivery of the vessel as communicated in the report for Q2, did not materialize.

- Following quality control and certification procedures, a potential need for replacement of standard cables installed on HiLoad DP no.1 and a need for repair on the center-thruster causes schedule-delay.
- Good momentum in the market building for HiLoad DP no.1. Remora has maintained the positive dialogue with its core group of potential customers.
- Work for phase 2 of the HiLoad MVD-project with Stena has commenced.

Market activities

In addition to the already well represented list of participants for the Sea Trial project, even more players have expressed interest in participation. The list of participants now includes the world's leading offshore E&P operators.

Remora is in dialogue with several operators, discussing specific applications for the vessel's start up contract, and these discussions have been moving in the right direction. The Sea Trial test program will be a significant milestone with regards to this progress.

Work for phase 2 of the HiLoad MVD-project with Stena has commenced, this phase is expected to be finished during Q 2, 2010.

Construction of HiLoad DP no. 1

After a period of good progress during the summer, further progress in the construction project for HiLoad DP no.1 has been hampered by a potential need to replace standard signal cables installed onboard the vessel. The yard is currently evaluating the cause, scope and appropriate remedy for the problem, and is expected to arrive at a conclusion shortly. DnV will then evaluate this conclusion for approval.

Further to this, after having carried out successful tests of the engines and thrusters, it was discovered that the propeller pitch of the center-thruster had not returned to its normal position. The yard is currently working together with thruster-supplier Wärtsilä to diagnose the error and implement corrective measures. Most likely, the repair will require getting access to the thruster in dry condition. The yard is currently evaluating alternative options for such an operation, including dry dock and the use of barge.

In combination, these issues have already caused delays in the completion activities. The extent of further delays will be contingent upon the conclusions from the analysis that is currently being performed on the cable issue.

The company is taking all reasonable actions to limit the negative consequences in the form of delays and cost increases resulting from this situation.

Financial results

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

Income Statement	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Operating income	0.8	1.2	3.6
Operating expenses	25.6	26.5	41.8
Net operating loss	(24.8)	(25.2)	(38.2)
Net financial items	(4.1)	4.9	10.9
Net loss before tax	(28.9)	(20.3)	(27.3)

Income statement

Operating expenses are related to project management and follow-up, as well as general cost related to running the business.

Balance Sheet	30/09/2009	30/09/2008	31/12/2008
Intangible assets	38.9	38.9	38.9
Fixed assets	4.4	0.7	3.1
Construction in progress	617.2	403.0	451.0
Shares and other assets	26.2	0.9	1.1
Other current assets	65.0	21.1	33.6
Cash and bank	37.1	73.2	20.0
Total assets	788.9	537.7	547.7
Total equity	603.0	522.1	515.1
Long term liabilities	114.7		
Other current liabilities	71.3	15.6	32.6
Total equity and liabilities	788.9	537.7	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 receivables, payment in advance and withheld disputed amount from reimbursable invoices from Aibel. Long term liabilities are related to Shareholder Loan, interest accruals, and 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.

Cash flow

Main cash flow out of the company in the third quarter is related to remaining work for the HiLoad DP no. 1 project, including commissioning and testing, in addition to cost of running the Remora organization

Shareholder issues:

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

Shareholder	Number of shares	Ownership
HITEC INDUSTRIES PORTFOLIO KS	4 654 477	24,4 %
UBS AG, LONDON BRANCH	3 819 904	20,0 %
STENA INVESTMENT SARL	2 379 670	12,5 %
HILOAD HOLDING AS	1 629 401	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 DAMPSKIBSSELAS	294 554	1,5 %
MORGAN STANLEY & CO INTERNAT. 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	329 101	1,7 %

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

Shares owned by the Board of Directors, per September 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.