

SECOND QUARTER 2011

FINANCIAL STATEMENTS

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STX OSV HOLDINGS LIMITED
Incorporated in Singapore
Company Registration No. 201012504K

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

stxosv

Offshore & Specialized Vessels

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(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS

(a)(i) Statement of Comprehensive Income (Group)

	Group			Group		
	2Q-2011 ended 30/06/11	2Q-2010 ended 30/06/10	Change %	1H-2011 ended 30/06/11	1H-2010 ended 30/06/10	Change %
Revenue	2,744	3,527	-22.2%	5,936	6,173	-3.8%
Materials, subcontract costs and others	(1,730)	(2,728)	-36.6%	(3,931)	(4,544)	-13.5%
Salaries and related costs	(436)	(427)	2.1%	(877)	(858)	2.2%
Other operating expenses	(127)	(133)	-4.2%	(238)	(246)	-3.2%
EBITDA	451	239	88.6%	890	525	69.5%
Depreciation, impairment and amortization	(31)	(30)	0.4%	(61)	(61)	0.2%
Operating profit	420	209	101.3%	829	464	78.5%
Financial income	5	222	-97.7%	32	359	-91.0%
Financial costs	(16)	(20)	-22.8%	(29)	(31)	-6.2%
Net	(11)	202	n/m	3	328	-99.0%
Share of results of associates	10	2	328.1%	12	4	224.9%
Profit before tax	419	413	1.5%	844	796	6.1%
Income tax expense	(145)	(71)	104.6%	(257)	(209)	23.1%
Profit for the period	274	342	-19.8%	587	587	0.0%
Profit for the period attributable to:						
Equity holders of the Company	272	342	-20.5%	582	584	-0.4%
Non-controlling interest	2	-	n/m	5	3	88.0%
Profit for the period	274	342	-19.8%	587	587	0.0%
Other comprehensive income:						
Exchange differences on translation of foreign operations	(17)	1	n/m	(12)	(1)	n/m
Other comprehensive income for the period, net of income tax	(17)	1	n/m	(12)	(1)	n/m
Total comprehensive income for the period	257	343	-24.9%	575	586	-1.9%
Total comprehensive income attributable to:						
Equity holders of the Company	255	343	-25.5%	570	583	-2.2%
Non-controlling interest	2	-	n/m	5	3	88.0%
Total comprehensive income for the period	257	343	-24.9%	575	586	-1.9%

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(a)(ii) Notes to the Statement of Comprehensive Income

	Group			Group		
	2Q-2011 ended 30/06/11	2Q-2010 ended 30/06/10	Change %	1H-2011 ended 30/06/11	1H-2010 ended 30/06/10	Change %
Interest income	5	10	-48.8%	15	19	-20.9%
Dividend income	-	-	n/m	-	-	n/m
Fair value of derivatives and embedded derivatives	(2)	73	n/m	1	189	n/m
Other financial income	2	139	-98.8%	16	151	-89.4%
Financial income	5	222	-97.7%	32	359	-91.0%
Interest expense	(4)	(8)	-54.7%	(6)	(13)	-49.2%
Net foreign exchange loss	(4)	(17)	-74.1%	(1)	(15)	-96.4%
Fair value of derivatives and embedded derivatives	-	-	n/m	-	-	n/m
Other financial expenses	(8)	5	n/m	(22)	(3)	622.9%
Financial expenses	(16)	(20)	-22.3%	(29)	(31)	-6.2%
Net financial items	(11)	202	n/m	3	328	-99.0%
Depreciation of property, plant and equipment	(30)	(30)	2.2%	(60)	(59)	0.9%
Amortization of intangibles	(1)	(1)	-25.7%	(1)	(2)	-27.3%
Depreciation, impairment charges and amortization	(31)	(31)	1.6%	(61)	(61)	0.2%
Bad debt	-	-	n/m	-	-	n/m
Provisions for bad debt	-	12	n/m	-	12	n/m
Allowance for doubtful debts and bad debts written off	-	12	n/m	-	12	n/m

Notes:

(i) N/M - Not meaningful.

(ii) As a result of rounding differences, numbers or percentages may not add up to the total.

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(b)(i) Statement of Financial Position

	Group			Company		
	As at 30/06/11	As at 31/12/10	Change %	As at 30/06/11	As at 31/12/10	Change %
Property, plant and equipment	987	1,012	-2.5%	-	-	n/m
Intangible assets	347	348	-0.1%	-	-	n/m
Investment in subsidiary	-	-	n/m	2,123	2,123	0.0%
Investment in associates	234	169	38.6%	-	-	n/m
Other investments	8	8	1.9%	-	-	n/m
Other acquisitions ¹⁾	5	-	n/m	-	-	n/m
Interest-bearing receivables	1	1	-29.2%	-	-	n/m
Other receivables	39	27	46.7%	-	-	n/m
Deferred tax assets	13	100	-87.4%	-	-	n/m
Employee benefits	2	3	-35.0%	-	-	n/m
NON-CURRENT ASSETS	1,636	1,668	-1.9%	2,123	2,123	0.0%
Inventories	396	310	27.7%	-	-	n/m
Construction work in progress	6,136	5,608	9.4%	-	-	n/m
Trade and other receivables	2,267	1,816	24.8%	10	-	n/m
Cash and cash equivalents	2,451	2,851	-14.0%	647	623	3.8%
CURRENT ASSETS	11,250	10,585	6.3%	657	623	5.5%
TOTAL ASSETS	12,886	12,253	5.2%	2,781	2,746	1.3%
Paid up capital	4,138	4,138	0.0%	4,138	4,138	0.0%
Restructuring reserve	(3,190)	(3,190)	0.0%	(1,411)	(1,411)	0.0%
Other reserves	(92)	(81)	13.3%	-	-	n/m
Retained earnings	1,937	1,511	28.1%	29	1	n/m
Total equity attributable to equity holders of the Comp.	2,793	2,378	17.5%	2,756	2,728	1.0%
Non-controlling interest	42	40	5.6%	-	-	n/m
TOTAL EQUITY	2,835	2,418	17.3%	2,756	2,728	1.0%
Loans and borrowings	249	266	-6.5%	-	-	n/m
Deferred tax liabilities	173	230	-25.0%	-	-	n/m
Employee benefits	28	28	0.4%	-	-	n/m
Provisions	52	74	-28.7%	-	-	n/m
NON-CURRENT LIABILITIES	502	598	-16.1%	-	-	n/m
Loans and borrowings	42	44	-5.5%	-	-	n/m
Construction loans	2,836	4,398	-35.5%	-	-	n/m
Construction work in progress	1,345	1,115	20.7%	-	-	n/m
Trade and other payables	4,635	3,209	44.4%	15	18	-16.3%
Income tax payable	533	357	49.1%	10	-	n/m
Provisions	153	93	64.2%	-	-	n/m
Other current liabilities	5	21	-77.2%	-	-	n/m
CURRENT LIABILITIES	9,549	9,237	3.4%	25	18	36.7%
TOTAL LIABILITIES	10,051	9,835	2.2%	25	18	36.7%
TOTAL EQUITY AND LIABILITIES	12,886	12,253	5.2%	2,781	2,746	1.3%

¹⁾ At the end of the quarter the Group acquired 100 % in Aakre Eieendom AS. The purchase price price allocation analysis is not yet finalized and hence the company will be fully consolidated starting Q3 2011.

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

	As at 30.06.11		As at 31.12.10	
	Secured	Unsecured	Secured	Unsecured
Loans and borrowings	27	15	19	25
Construction loans *	2,836	-	4,398	-
Other current liabilities	-	5	-	21
Total Amount repayable in one year or less, or on demand	2,863	20	4,417	46
<i>* Construction loans are in general treated as short term maturing on vessel delivery.</i>				
Loans and borrowings	225	24	158	108
Total Amount repayable after one year	225	24	158	108

Details of any collaterals

The secured portion of the Group's borrowings and debt securities refers mainly to the long term loans from "Innovation Norway" (a state-owned entity which promotes industrial development in Norway) which are secured by mortgages of an aggregate value of NOK 250 million. The loans are secured by investments, fixed assets such as property and plant as well as the dock at the Langsten yard. In 2009, the existing loans were restructured and the same mortgages were used to secure the restructured loans.

STX OSV Singapore Pte Ltd has a long term loan investment facility of USD 15 million with Nordea Bank. The loan is used towards financing of investments in its Vietnam subsidiary with the purpose of building the Vietnam shipyard. The loan is secured by pledge of shares.

STX OSV Tulcea has a long term mortgage investment loan in Banca Transilvania which matures in June 2013.

Vessels under construction generally have a construction loan where the vessel itself functions as security.

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(c) Statement of Cash Flows (Group)

	Group		Group	
	2Q-2011 ended 30/06/11	2Q-2010 ended 30/06/10	1H-2011 ended 30/06/11	1H-2010 ended 30/06/10
OPERATING ACTIVITIES				
Profit before tax	419	413	844	796
<i>Adjustments for:</i>				
Net interest	4	(3)	6	1
Gain on disposal of property, plant and equipment, net	(1)	(6)	-	(6)
Unrealised foreign exchange loss	12	14	9	17
Depreciation, impairment and amortization	30	31	61	61
Share-based payment expenses	1	-	1	-
Provisions	25	49	39	39
Share of results of associates	(10)	(3)	(12)	(4)
<i>Operating cash flows before movements in working capital</i>	480	495	948	904
Inventories	(111)	75	(86)	103
Construction work in progress (including construction loans)	(240)	(2,434)	(1,859)	(2,651)
Trade and other receivables	(496)	990	(538)	963
Trade and other payables	(203)	753	1,409	687
<i>Cash generated from operations</i>	(570)	(121)	(126)	6
Interest received	-	2	4	4
Interest paid	(3)	(5)	(3)	(7)
Income tax paid	(1)	(7)	(51)	(54)
<i>Cash flows from operating activities</i>	(574)	(131)	(176)	(51)
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	3	-	2	-
Proceeds from disposal of investments	-	(2)	-	-
Purchase of property, plant and equipment	(12)	(13)	(37)	(42)
Issuance of new non-current interest bearing receivables	-	349	-	-
Proceeds from repayment of non-current interest bearing receivables	-	37	-	37
Acquisition of shares in subsidiary	(1)	-	(5)	-
Acquisition of shares/share pf interest in associates	(19)	(17)	(50)	(19)
<i>Cash flows from investing activities</i>	(29)	354	(90)	(24)
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	(12)	32	-	47
Repayment of loans and borrowings	(37)	(82)	(39)	(80)
Purchase of non-controlling interest in subsidiary	-	(2)	-	(2)
Dividends paid	(159)	1	(159)	1
Change in other financial liabilities	-	(194)	1	(194)
<i>Cash flows from financing activities</i>	(208)	(245)	(197)	(228)
NET DECREASE IN CASH AND CASH EQUIVALENTS				
	(811)	(22)	(463)	(303)
Effects of currency translation difference on cash and cash equivalents	4	(3)	(14)	-
Cash and cash equivalents excl. restricted cash at beginning of financial period	2,881	989	2,551	1,267
Cash and cash equivalents excl. restricted cash at end of financial period	2,074	964	2,074	964
Restricted cash at end of financial period	377	383	377	383
Cash and cash equivalents at end of financial period	2,451	1,347	2,451	1,347

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(d)(i) Group	Paid up Capital	Restructu- ring Reserve	Translation Reserve	Fair Value Reserve / Option Scheme	Retained Earnings	Total Equity		Total Equity
						Attributable To Equity Holders of the Company	Non- controlling Interest	
At 1 January 2011	4,138	(3,190)	(79)	(2)	1,511	2,378	40	2,418
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	310	310	2	312
<i>Other comprehensive income</i>								
Exchange differences on translation of foreign operations	-	-	5	-	-	5	-	5
Total comprehensive income for the period	-	-	5	-	310	315	2	317
At 31 March 2011	4,138	(3,190)	(74)	(2)	1,821	2,693	42	2,735
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	272	272	2	274
<i>Other comprehensive income</i>								
Exchange differences on translation of foreign operations	-	-	(17)	-	-	(17)	-	(17)
Total comprehensive income for the period	-	-	(17)	-	272	255	2	257
<i>Transactions with owners</i>								
Share-based payments	-	-	-	1	-	1	-	1
Dividend paid	-	-	-	-	(157)	(157)	(2)	(159)
Total transactions with owners	-	-	-	1	(157)	(156)	(2)	(158)
At 30 June 2011	4,138	(3,190)	(91)	(1)	1,937	2,793	42	2,835

Second Quarter 2011 Financial Statements

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(d)(i) Statements of Changes in Equity

Group	Paid up Capital	Restructuring Reserve	Translation Reserve	Fair Value Reserve	Retained Earnings	Total Equity Attributable To Equity Holders of the Company	Non-controlling Interest	Total Equity
At 1 January 2010	343	-	(55)	(1)	728	1,015	19	1,034
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	242	242	3	245
<i>Other comprehensive income</i>								
Exchange differences on translation of foreign operations	-	-	(2)	-	-	(2)	-	(2)
Total comprehensive income for the period	-	-	(2)	-	242	240	3	243
At 31 March 2010	343	-	(57)	(1)	970	1,255	22	1,277
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	342	342	-	342
<i>Other comprehensive income</i>								
Exchange differences on translation of foreign operations	-	-	1	-	-	1	-	1
Total comprehensive income for the period	-	-	1	-	342	343	-	343
<i>Transactions with owners</i>								
Change in non-controlling interest	-	-	-	-	(7)	(7)	5	(2)
Total transactions with owners	-	-	-	-	(7)	(7)	5	(2)
At 30 June 2010	343	-	(56)	(1)	1,305	1,591	27	1,618

Second Quarter 2011 Financial Statements

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(d)(i) Company	Paid up Capital	Restructuring Reserve	Translation Reserve	Fair Value Reserve / Option Scheme	Retained Earnings	Total Equity		Total Equity
						Attributable To Equity Holders of the Company	Non-controlling Interest	
At 1 January 2011	4,138	(1,411)	-	-	1	2,728	-	2,728
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	185	185	-	185
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	185	185	-	185
<i>Transactions with owners</i>								
Change in non-controlling interest	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 31 March 2011	4,138	(1,411)	-	-	186	2,913	-	2,913
<i>Comprehensive income</i>								
Profit for the period	-	-	-	-	(1)	(1)	-	(1)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1)	(1)	-	(1)
<i>Transactions with owners</i>								
Change in non-controlling interest	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	1	-	1	-	1
Dividend paid	-	-	-	-	(157)	(157)	-	(157)
Total transactions with owners	-	-	-	1	(157)	(156)	-	(156)
At 30 June 2011	4,138	(1,411)	-	1	28	2,756	-	2,756

Due to the Company being incorporated on 11 June 2010 (refer also paragraph 1 (d)(ii) below, Statement of Changes in Equity has not been prepared for the period ending Q2 2010

Second Quarter 2011 Financial Statements

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

1 UNAUDITED FINANCIAL STATEMENTS (cont.)

(d)(ii) Share Capital

The Company was incorporated in Singapore on 11 June 2010 with a paid up capital of SGD 1 consisting of one ordinary share held by STX Europe Holding, of no par value.

On 25 October 2010, STX Europe Holding and the Company entered into a sale and purchase agreement pursuant to which the Company acquired STX Norway Offshore and its subsidiaries by issuing paid up capital of SGD 789,999,999 consisting of 999,999,999 shares, of no par value.

On 12 November 2010, the Company offered 180,000,000 new shares in the IPO at an offering price of SGD 0.79 per share.

	Number of shares issued	Share capital	
		SGD	NOK
Issue of shares on date of incorporation	1	1	4.47
Shares issued pursuant to the restructuring exercise	999,999,999	789,999,999	3,533,354,000
Issue of shares pursuant to initial publ. offering exercise	180,000,000	142,200,000	635,993,197
Share issue expenses	-	-	(30,868,202)
At 31 December 2010 and 30 June 2011	1,180,000,000	-	4,138,478,999

Share Options

During second quarter 2011, 17,070,000 share options were issued by the Company to employees/Directors of the Group.

The fair value of the options is estimated on grant date and expensed over the vesting period. The fair value of the options granted in the quarter was between SGD 0,34 and SGD 0,38 per option. The valuation was done using the Black-Scholes option-pricing model. The calculations are based on the following assumptions:

Market price at date of grant: SGD 1,16

Strike price: 1/3rd at SGD 1,20, 1/3rd at SGD 1,40 and 1/3rd at SGD 1,60

Volatility: Calculated at 46 % (average of volatility for comparable companies)

Vesting period: Ranging from 2 to 4 years

Risk-free interest rate: Ranging from 0,79 to 1,00 % based on the interest rate of Singapore-zero-coupon government issues with a maturity matching the options

Validity period: 5 years from the date of grant

(d)(iii) Number of Issued Shares excluding Treasury Shares

Please refer to the information provided in 1(d)(ii) Share Capital above.

(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares

Not applicable. The Company has no Treasury Shares.

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

2 AUDIT

The figures have not been audited nor reviewed by the auditors.

3 AUDITORS REPORT

Not applicable.

4 ACCOUNTING POLICIES

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2010.

5 CHANGES IN ACCOUNTING POLICIES

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and are effective for annual periods beginning on 1 January 2011. The adoption of the new or revised FRSs and INT FRSs does not result in any significant changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current or prior periods.

6 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share for the financial period attributable to Equity holders of the Parent:

	Group			Group		
	2Q-2011 ended 30/06/11	2Q-2010 ended 30/06/10	Change %	1H-2011 ended 30/06/11	1H-2010 ended 30/06/10	Change %
(i) Earnings for the period (in NOK millions)	272	342	-20.5%	582	584	-0.4%
Earnings for the period (in SGD millions)	62	74	-15.7%	133	126	5.5%
Weighted average number of shares (in millions) ¹⁾	1,180	1,000	18.0%	1,180	1,000	18.0%
(ii) Earnings per share (NOK)	0.23	0.34	-32.6%	0.49	0.58	-15.6%
Earnings per share (SGD cents)	5.26	7.36	-28.6%	11.24	12.57	-10.6%
(iii) Diluted earnings per share (NOK)	0.23	0.34	-32.7%	0.49	0.58	-15.6%
Diluted earnings per share (SGD cents)	5.25	7.36	-28.7%	11.23	12.57	-10.7%
Adjusted weighted average number of shares (in millions) ¹⁾	1,182	1,000	18.2%	1,182	1,000	18.2%
Exchange rates:	30/06/11	30/06/10		30/06/11	30/06/10	
SGD/NOK	4.385	4.646	-5.6%	4.385	4.646	-5.6%

The SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting date as shown above.

¹⁾ For weighted average number of shares as of 2Q-2011, please refer to paragraph 1(d)(ii) Share Capital.

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UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

7 NET ASSET VALUE PER ORDINARY SHARE

Net asset value at the end of the financial period, and at the end of the last financial year:

	Group			Company		
	As at 30/06/11	As at 31/12/10	Change %	As at 30/06/11	As at 31/12/10	Change %
Net asset value at the end of the period (NOK millions)	2,793	2,378	17.4%	2,756	2,728	1.0%
Net asset value at the end of the period (SGD millions)	637	521	22.3%	629	598	5.2%
Number of shares (millions)	1,180	1,180	0.0%	1,180	1,180	0.0%
Net asset value per ordinary share (NOK)	2.37	2.02	17.4%	2.34	2.31	1.0%
Net asset value per ordinary share (SGD)	0.54	0.44	22.3%	0.53	0.51	5.2%
Exchange rates:	30/06/11	31/12/10		30/06/11	31/12/10	
SGD/NOK	4.385	4.565	-3.9%	4.385	4.565	-3.9%

The SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting date as shown above.

8 REVIEW OF GROUP PERFORMANCE

(a) Statement of comprehensive income (Group):

STX OSV reported operating revenues of NOK 5,936 million for the first half 2011, down from NOK 6,173 million in the corresponding period of 2010. This represents a 3.8 % decrease year-on-year. STX OSV applies a percentage-of-completion based revenue recognition. This revenue recognition method is typically shaped with an S-curve, with a higher portion of revenues recognised in the "middle of the project", and consequently a lower portion in the beginning and towards the end of a project. Hence, the reduction in revenue is merely due to more vessels being at an earlier/later stage of completion compared to first half 2010 combined with a different mix of vessel types delivered.

Operating profit for the first half 2011 was NOK 829 million, up from NOK 464 million in the first half of 2010. Our operating margin, representing operating profit to total operating revenues, increased to 14.0% from 7.5 % in the corresponding period last year. Our EBITDA margin for the first half 2011 was 15.0 %, up from 8.5 % in the corresponding period of 2010. STX OSV successfully delivered ten vessels in the first half of the year. The exceptionally good margin is a result of several positive factors; stable operations, successful and on-time deliveries, prudent risk management, good results from improvement measures initiated and still favorable business environment.

Profit before tax increased from NOK 413 million in the second quarter of 2010 to NOK 419 million in 2011, reflecting a profit before tax margin of 15.3 % for the quarter.

With an effective tax rate of 30.5 % in the first half of the year, STX OSV achieved a net profit margin (after tax) of 9.9 % in the period, up from 9.5 % for the first half of 2010. The company uses an estimated tax percentage for the interim (quarterly) reporting and complete calculation only for the year-end tax calculation. The interim tax percentage may therefore deviate from the final year-end tax percentage.

8 REVIEW OF GROUP PERFORMANCE (cont.)

(b) Statement of financial position:

Total assets were up 5.2 % from NOK 12.3 billion at the end of 2010, to NOK 12.9 billion at the end of the June 2011. The increase is mainly caused by construction work in progress and increased trade and other receivables which reflects that the revenues and production have been higher than advances and installments from customers.

Retained earnings has increased by 28.1 % in the first half 2011. The change is reflecting profit for the period less dividend payments in the second quarter 2011.

During the quarter there was a NOK 1.6 billion reduction in construction loans and NOK 1.4 billion increase in trade and other payables. The reduction in construction loans is related to the ten vessel deliveries made in 2011 to date, and the increase in trade and other payables are related to on-going projects and routine accounts payable.

Total interest-bearing liabilities, excluding construction loans, amounted to NOK 290 million at 30 June 2011 down from NOK 310 million at the end of 2010.

Cash and cash equivalents decreased from NOK 2,851 million as of 31 December 2010 to NOK 2,451 million as of 30 June 2011. Of the total cash and bank deposits as of 30 June 2011, NOK 377 million relates to restricted escrow accounts, used as security for customer advance payment guarantees, and restricted bank accounts for employees' tax deduction (31 March 2011: NOK 260 million, 31 December 2010: NOK 300 million).

(c) Statement of cash flows:

The cash flows from operating activities in the second quarter of 2011 were NOK 574 million while the first half of the same year was NOK 176 million. Please refer to 8 (b) for more details.

Cash flows from investing activities in the first half were at NOK 90 million mainly due to increased investments in associates (in line with the progress of construction of the related vessels ordered by these associated companies and the corresponding installments made), a minor acquisition of shares in a Norwegian real estate company as well as general investments in PP&E.

Cash flows from financing activities amounted to NOK 197 million in the first half of 2011. This is mainly due to repayment of loans and borrowings and dividends paid during the period.

Cash and cash equivalents at end of the period were reduced by NOK 477 million in the first half of 2011 due to the above factors as well as the effect of currency translation of NOK 14 million, and NOK 77 million increase in restricted cash.

9 VARIANCE FROM FORECAST STATEMENT

Not applicable. No forecast statement was previously provided.

10 PROSPECTS

At the end of the first half of 2011, the order book amounted to NOK 15,328 million – up from 15,016 at the end of the first quarter. The order intake for the first six months was NOK 3.1 billion. STX OSV signed contracts for twelve vessels in the first half 2011 of which 2 AHTS, 3 MRV (Multi Role Vessels) and 7 PSVs. As at 30 June 2011, STX OSV's order book comprised 51 vessels for delivery between 1 July 2011 and 31 March 2014, of which 36 of these vessels are of STX OSV design.

Note: Vessel numbers include both vessels contracted by Island Offshore in 2Q 2011. New order intake and order book values do not include the second vessel (subject to certain conditions to be lifted by end of 3Q 2011).

At the end of the first quarter 2011, STX OSV reached a major milestone in its project to build a second shipyard in Brazil when its subsidiary, Estaleiro Promar SA, was granted the environmental license for the construction of the new yard in Suape, in the state of Pernambuco, Brazil. The planning and permitting process for the new yard is now in the final stage. The investment budget for the project has been revised and now amounts to approx. USD 126 million. The cost increase is due to acquisition of the land for the yard, changes in yard layout and facilities, and the construction market in Brazil. The additional investment is expected to receive a similar proportion of debt-financing as the originally planned investment. Shipyard construction is expected to start within Q3 2011, and construction of the first vessel is expected to commence in 2H 2012. The first project to be realized at the new shipyard will be the construction of eight LPG carriers for Transpetro. Preparations for making these contracts effective are currently ongoing, with a target for contract effectiveness, including receipt of the first payment, at the end of 3Q or early in 4Q 2011.

In June, STX OSV entered into a co-operation with Industrial Control Design AS ("ICD") and established a new subsidiary. The new company will focus on the development of offshore handling systems and is incorporated in Norway. STX OSV holds 51% of the shares, and ICD the remaining 49%. The combined efforts by the two partners are expected to create new opportunities in several stages of the offshore value chain, exploiting synergies with STX OSV Electro and STX OSV's capabilities in Romania. The cooperation with ICD is part of STX OSV's strategy to stay at the forefront of the industry by expanding its R&D capabilities. Through focused investments in research and development, STX OSV aims to strengthen its ability to develop and introduce vessels equipped with cutting-edge innovation and technology.

The market situation for STX OSV's core products has improved steadily during first half of 2011 and this translates into increased level of project inquiries for STX OSV. Having already seen an increase in newbuilding orders in 2Q 2011, STX OSV expects the market improvement to continue throughout 2011. However, uncertainties remain due to the unstable global economic environment. New order intake is expected to be more diverse than in the recent past, comprising various vessel types. Revenues for FY 2011 are anticipated to be no less than FY2010, and strong financial results are expected for FY2011.

The shift towards deeper water exploration and operations in harsh environments will continue to drive order momentum for advanced vessels. STX OSV believes it is fundamentally well-positioned to seize opportunities in the market upturn, and reinforce its market position.

Second Quarter 2011 Financial Statements

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

(All amounts in NOK millions unless otherwise stated)

11 DIVIDEND

- (a) Current financial period reported on:
 Second quarter 2011

Any dividend declared for the current financial period reported on?
 Yes

Name of dividend	Final dividend 2010	Interim dividend 2011
Dividend type	Cash	Cash
Dividend amount per ordinary share	3.0 Singapore cents	5.0 Singapore cents *
Tax rate	One-tier tax exempt	One-tier tax exempt
Record date	5 May 2011	To be announced later
Date payable	25 May 2011	To be announced later

A final dividend of SGD 0.03 per share, based on the profit for the Group for the financial year ended 31 December 2010, was declared on the AGM held on 27 April 2011.

The share Transfer Books and Register of Members of STX OSV Holdings Limited was closed at 5.00 p.m. on 5 May 2011 for the purpose of determining shareholders' entitlement to dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited were credited with shares at 5.00 p.m. on 5 May 2011 were entitled to the proposed dividend.

* The interim dividend for 2011 has not been accrued, and will be booked and paid in Q3.

- (b) Corresponding period of preceding financial year:
 Second quarter ended 30 June 2010

Any dividend declared for the corresponding period of the immediately preceding financial year?
 No

- (c) Date payable (Interim dividend 2011)
 To be announced later

- (d) Books closure date (Interim dividend 2011)
 To be announced later

12 INTERESTED PERSON TRANSACTIONS

The nature of the Group's Interested person transactions has been explained in the Prospectus (page 173). As the Company was listed on 12 November 2010, specific details of transactions are disclosed below.

	Non-mandated		Mandated	
	Q2-2011	1H-2011	Q2-2011	1H-2011
STX Corporation Group				
Purchase of raw materials, shipbuilding parts and ancillary equipment from STX Corporation Group				
- Steel	-	-	1	12
- Generator sets	-	-	-	26
STX OSV provision of project management services to STX Dalian Marine Engineering Co. Ltd	2	13	-	-
Sale of vessels to STX Pan Ocean	-	-	-	-
Sub-total	2	13	1	37
STX Europe Group				
Amounts outstanding under guarantees by STX Europe Group	-	-	3,446	3,446
Commission fees paid to STX Europe Group	-	-	3	8
Outstanding value of FX-contracts entered into by STX Europe *	465	465	-	-
Purchase of ship designs from Aker Arctic Technology Oy (owned by STX Europe)	-	-	-	6
Joint sourcing office in Shanghai	-	-	0.3	1
Management service agreement with STX Norway Florø AS	-	-	-	2
STX OSV Tulcea – Hull for Hopper Dredger to STX Europe France	-	-	-	18
Docking services STX Norway Florø AS	-	-	-	6
Sub-total	465	465	3,450	3,486
Total	466	477	3,451	3,523

* Approved in the IPO Prospectus.

13 CONFIRMATION BY THE BOARD

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the second quarter ended 30 June 2011 unaudited financial results to be false or misleading.

On Behalf of the Board of Directors

BY ORDER OF THE BOARD

Mr Roy Reite
Executive Director & CEO
12 August 2011