

SBM OFFSHORE HALF-YEAR RESULTS 2012

16 August 2012

IN LINE RESULTS – GROUP TRANSFORMATION IN PROGRESS

SBM Offshore reports 2012 half-year results in-line with expectations. The Company secured important orders with the Ichthys turret and the Shell FPSO Fram letter of interim award and took significant steps to transform its strategy, structure and culture. Bruno Chabas, CEO of SBM Offshore, said:

“In my first half-year as CEO, we have made significant progress in transforming the Group. Several outstanding Board Members and Executive Directors have joined and we have restructured the management organisation making it both profit and cashflow accountable. A divestment programme for non-core assets of up to US\$ 400 million is in progress.

“I have met with many key stakeholders, particularly shareholders, customers and banks, in a constructive dialogue. Although the Group is still working on important legacy issues, I am encouraged to report whole-hearted support for our strategy to focus exclusively on FPSOs and associated products or services”.

US\$ million	H1 2012	H1 2011*	Change
Turnover	1,669.5	1,460.6	14%
EBITDA	335.1	372.8	(10%)
EBIT	223.5	(201.0)	N/A
Net Profit / (Loss)	157.8	(250.8)	N/A
EBIT margin	13.4%	(13.8%)	N/A
Investments in fixed assets and finance leases	660.2	568.4	16%
Operating cashflow	690.3	175.7	3.9x

	30 June 2012	31 Dec 2011	
Order Portfolio	16,109.1	16,910.1	(5%)
Net Debt	1,964.4	1,958.5	0%

* Restated for comparison purposes (Income Tax and cashflow statement)

Summary

Reported Turnover is well ahead of the first half of 2011, driven by strong performance of the turnkey systems segment, on the back of last year’s strong order intake. The benefit to Group EBITDA is masked for this half year by the introduction at year-end 2011 of a more conservative margin recognition methodology, resulting in deferral of US\$ 69 million to later periods. No significant one-off charges were recorded in the first half of 2012, and the Group is pleased to report an EBIT margin of 13.4% for the period.

While still pursuing completion of projects such as Yme, key events in this reporting period include the Ichthys turret contract award bringing the backlog to US\$ 16.1 billion and discussions with Shell resulting in a framework agreement to be applied for the first time to the Fram contract for a North Sea FPSO. Excellent progress has been made in financing our projects, especially the refinancing of the Normand Installer and the first tranche of US\$ 1.05 billion of a US\$ 1.2 billion project loan for the Cidade de Ilhabela project, completed since period end.

Financial Review

Turnover for the first half of 2012 was US\$ 1,669.5 million compared with US\$ 1,460.6 million for the first half of 2011, an increase of 14%. The segmental split of turnover was 66% for Turnkey Systems, 8% for Turnkey Services and 26% for Lease and Operate, comparable with 2011.

EBITDA decreased by 10% compared to mid-year 2011. For the first six months of 2012, EBITDA was US\$ 335.1 million (US\$ 1.96 per share) compared with US\$ 372.8 million (US\$ 2.21 per share) for the first six months of 2011.

Operating result (EBIT) for the first six months of 2012 was US\$ 223.5 million (US\$ 1.30 per share) compared with a restated loss of US\$ 201.0 million (US\$ 1.19 loss per share) for the first six months of 2011. EBIT decreased by 10% compared to the underlying result for the first six months of 2011.

EBITDA and EBIT were affected by the introduction at year-end 2011 of a modified more conservative percentage of completion (POC) method of margin recognition for complex turnkey projects, which has resulted in the first half of 2012 in a deferral of \$69 million gross margin to later periods. Previous guidance on EBIT margin for Turnkey Systems for full year remains in place.

EBIT margins for the first six months of 2012 were 33.7% for Lease and Operate, compared to underlying 30.3% at the half-year stage 2011; 6.2% for Turnkey Systems, compared to 12.7% at half-year 2011 and 24.5% for Turnkey Services, compared to 16.2% at mid-year 2011.

SBM Offshore recorded a total net profit of US\$ 157.8 million for the first six months of 2012 (US\$ 0.91 profit per share) compared with a total net loss of US\$ 250.8 million (US\$ 1.57 loss per share) at the half-year 2011.

Order intake for the first half of 2012 amounted to US\$ 871.9 million, a strong decrease compared to the first half 2011 which can be fully attributed to timing of awards. The order portfolio excludes the contract for Fram FPSO from Shell which we expect to confirm in the second half of 2012 with further awards expected later in the year.

Order portfolio at 30 June 2012 totalled US\$ 16.1 billion of which approximately US\$ 2.3 billion is expected to be executed in the remainder of 2012.

Net debt at 30 June 2012 amounted to US\$ 1,964 million (US\$ 1,921 million as at 31 March 2012), with cash and cash equivalent balances of US\$ 214 million and committed, undrawn, long-term bank facilities of US\$ 1,035 million. The average cost of debt amounts to 5.2%. Total equity as at 30 June 2012 increased by US\$ 138.8 million compared to 31 December 2011 to US\$ 1,487.8 million mainly as a result of the net profit for the period and the negative US\$ 24 million mark-to-market revaluation of financial instruments.

Net debt to total equity improved from 145% at 31 December 2011 to 132% at 30 June 2012. Since the period end the Company has successfully secured a loan facility of US\$ 1.05 billion for the Cidade de Ilhabela FPSO project and the refinancing of the Normand Installer vessel through a loan facility of US\$ 80 million.

Net debt to adjusted EBITDA on a rolling 12 month basis as at 30 June 2012 amounted to 2.20 times compared to 2.23 times at 31 December 2011. The solvency ratio improved to 31.5% compared with year-end 2011 level of 30.0%.

Cash from operating activities stood at US\$ 690 million covering continued investment in finance lease projects under construction.

Capital expenditure in the first six months of 2012 amounted to US\$ 327 million (US\$ 431 million for the first six months of 2011). Including investments in finance leases the total amount invested during the first six months of 2012 amounted to US\$ 660 million.

Following the decision to focus the Company's activities exclusively on FPSO and FPSO-related products, a review has been conducted to identify non-core assets for sale. The total carrying value of assets presently held for sale is US\$ 111.8 million, with associated liabilities of US\$ 74.4 million, while additional assets will be added in the second-half of 2012.

Further financial information is provided in the consolidated interim financial statements included in this release.

Strategy

The Company's strategic focus to pursue FPSOs and related products is reflected in recent contract wins and an encouraging bid pipeline. Underlying demand for the Company's core FPSO products remains strong. The short to medium-term outlook is stable, while high bidding activity levels continue to confirm further FPSO project development and good growth prospects. Within this context and in line with the FPSO-led strategy, the Company is conducting a comprehensive review of its asset portfolio to identify non-core assets for sale. It is the intention of the Board to target a total disposals proceeds figure in the region of approximately US \$400 million, which includes the assets presently held for sale on the balance sheet.

SBM Offshore continues to focus on opportunities to improve the risk/reward balance in the core FPSO business. To that extent it will be selective in the contracts it targets. SBM Offshore's considered view is that its defined market presents a sufficient set of suitable opportunities for the Company's planned growth.

The Company is constantly looking at ways to improve its financing and operational structure and further grow its "lease and operate" activities. Post period, the financing agreement secured on favourable terms for the Ilabela FPSO represents the single largest such project loan secured by SBM Offshore.

Compliance

The Company reported with a press release on 10 April 2012 that it had become aware of certain sales practices involving third parties which may have been improper. Outside counsel and forensic accountants have been engaged to investigate these practices thoroughly and the Company has taken the necessary steps to prevent any possibly improper practices from occurring. The Company has disclosed its internal investigation to the appropriate authorities. The investigation is still ongoing. Consequently, at this point it is not possible to provide further information or an estimate of the financial effect, if any.

Order Portfolio

All projects awarded during first six months of 2012, being FPSOs or FPSO related products, were fully aligned with the company's refocused strategy. Further awards are expected later in the year.

Contract wins for the first six months of 2012:

Turret for Ichthys (Australia)

The Company continued to capitalize on its strength and expertise in its core FPSO market, securing a contract for the engineering, procurement, fabrication and supply of a Turret & Mooring system for the Ichthys LNG Project (a joint venture between INPEX (76%, the operator) and Total (24%).

FPSO Fram for Shell (UK North Sea)

A Letter of Interim Award (LoIA) from Shell for the supply, lease and operation of a FPSO for the Fram field in the UK sector of the North Sea. The LoIA allows SBM Offshore to commence engineering and procurement of long lead items to ensure timely completion of the planned Fram FPSO project, subject to a Final Investment Decision.

Extension for FPSO Brasil (Brazil)

An extension of the lease and operate contract for FPSO Brasil of 14 months, with a further extension option of up to an additional 4 months.

Extension for Kuito FPSO (Angola)

An extension of the lease and operate contract for FPSO Kuito until 31 August 2012, with subsequent extensions expected.

Ongoing Operations

Execution of contracts for FPSO Cidade de Ilhabela (Brazil)

Contracts have been executed for the twenty year charter and operation of FPSO Cidade de Ilhabela with Petrobras for the north part of Sapinhoá (formerly Guara Norte) field development in the pre-salt area, offshore Brazil. This order had been previously announced under a Letter of Intent and recorded in the portfolio in 2011 and the Company recently announced it has successfully secured a loan facility of US\$ 1.05 billion for this project.

Deep Panuke (Canada)

First gas production of Deep Panuke platform offshore Nova Scotia is expected at the end of summer 2012, with the beginning of the charter expected before year-end.

Yme (Norway)

During the period, the offshore works relating to the Yme project progressed in line with the assessment made last year although this progress was recently interrupted by the discovery of potential cracks in the grouting around the legs of the platform and the client's decision as operator to de-man the platform on 13 July 2012 as a result thereof. This recent event has not changed the Company's position to safely complete the platform as quickly as possible within the overall assessment made at the last-year end. The timing of completion of the platform still depends upon several factors including the follow-up of the recently discovered grouting issues and the outcome of discussions with the client to agree on a completion schedule, which agreement is still expected to occur before mid-November. The current valuation takes into account the Company's best estimate of costs related to a reasonable completion scenario although this has yet to be agreed with the client and actual net costs to the Company might differ significantly from assumed net costs.

FPSO Cidade de Paraty (Brazil)

FPSO Cidade de Paraty has completed its voyage from Singapore to Brazil and is currently moored at the quayside of Brasfels yard for integration and completion of the FPSO.

FPSO Cidade de Anchieta (Brazil)

Construction works in Singapore on FPSO Cidade de Anchieta have been completed and following a month and half tow, the unit has arrived in Brazil and is preparing for offshore installation on the Baleia Azul field.

Post period highlights

Tie-back for FPSO Kikeh (Malaysia)

Contract for 8.5 years of lease, operation and maintenance of facilities on the unit for a tie-back of the Siakap North-Petai fields offshore Malaysia to the FPSO Kikeh.

Operations

All fleet operations continued to achieve a high production uptime and contributed positively to the Company's first half results. The construction of four FPSOs for lease, and the FPSO turrets and services projects for sale, are progressing in line with expectations.

Outlook and guidance 2012

Irrespective of global economic volatility, strong momentum in the oil & gas upstream market continues to drive demand for FPSOs and related products. We remain confident in our prospects for the remainder of 2012. The Company maintains its guidance for 2012.

- Turnover in the region of US\$ 4 billion
- Turnkey Systems EBIT margin close to 10%, reflecting the margin deferral effect explained earlier
- Turnkey Services EBIT margin in the 15%-20% range
- Underlying Lease and Operate EBIT margin in-line with 2011 level
- Net financing costs in the income statement will be close to twice the level of 2011 due to operating fleet growth

This guidance is premised on no material change in the performance, or delivery, of the Group's projects.

Governance & Board appointments

At the Extraordinary General Meeting on 27 June 2012, the shareholders appointed Mr Sietze Hepkema as Chief Governance and Compliance Officer (CGCO) and Mr Peter van Rossum as Chief Financial Officer (CFO).

Statement of Compliance

Mr B. Chabas, CEO of SBM Offshore N.V., Mr P. van Rossum, CFO of SBM Offshore N.V. and Mr S. Hepkema, CGCO of SBM Offshore N.V., hereby declare that, to the best of their knowledge, the condensed consolidated interim financial statements as at and for the six months ended 30 June 2012, which have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of SBM Offshore N.V. and the undertakings included in the consolidation as a whole, and the semi-annual management report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Analyst Presentation

The Analyst Presentation will be webcast via the SBM Offshore website (www.sbmoffshore.com) at **14h00** CET on Thursday 16 August 2012.

There is also a Call-In facility for participants who want to listen to the presentation via teleconference and also have the option to ask questions during Q&A session.

Dial-in number: +31 10 2944 228
 Replay number: +31 10 2944 210 (available for 48 hours)
 Replay code: 1195798#

Playback facilities of the presentation and Q&A session will be accessible via the Company website www.sbmoffshore.com.

Financial Calendar

	Date	Year
Half-year Results 2012 - Analysts Presentation (Amsterdam, 14:00 CET)	16 August	2012
Trading Update Q3 2012 - Press Release (07.30 CET)	15 November	2012
Full-year Results 2012 – Press Release (07:30 CET)	7 March	2013
Full-year Results 2012 – Analysts Presentation (Amsterdam)	7 March	2013
Trading Update Q1 2013 - Press Release (07.30 CET)	23 May	2013
Annual General Meeting of Shareholders (Rotterdam 14.30 CET)	23 May	2013
Half-year Results 2013 - Press Release (07.30 CET)	8 August	2013
Half-year Results 2013 - Analysts Presentation (Amsterdam)	8 August	2013
Trading Update Q3 2013 - Press Release (07.30 CET)	14 November	2013

Corporate Profile

SBM Offshore N.V. provides floating production solutions to the offshore energy industry, over the full product life-cycle. The Company is market leading in leased floating production systems with multiple units currently in operation, and has unrivalled operational experience in this field.

The Company's main activity is the design, supply, installation and operation of Floating Production, Storage and Offloading (FPSO) vessels. These are either owned and operated by the Company and leased to our clients or supplied on a turnkey sale basis.

The Company has built over several years a large in-house engineering, procurement and project management capability, to ensure consistency from project to project, and so enable a continuous improvement process for enhancement of product quality.

Headquartered in Schiedam, the Company employs over 6,200 people worldwide, who are spread over seven execution centres, eight operational shore bases, several construction yards and the offshore fleet of vessels.

The Board of Management
 Schiedam, 16 August 2012



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Disclaimer

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of the Company's business to differ materially and adversely from the forward-looking statements. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "may", "will", "should", "would be", "expects" or "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans, or intentions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. SBM Offshore NV does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.

APPENDIX: SBM Offshore N.V. - Condensed consolidated interim financial statements (Unaudited)

SBM Offshore N.V. - Consolidated income statement

For the six months ended 30 June, in thousands of US\$

	<i>Notes</i>	2012	2011(*)
Revenue	7	1,669,455	1,460,619
Cost of Sales		(1,347,917)	(1,575,577)
Gross margin	7	321,538	(114,958)
Other operating income		525	219
Selling and marketing expenses	7	(23,326)	(31,514)
General and administrative expenses	7	(63,573)	(43,077)
Research and development expenses	7	(11,623)	(11,669)
Operating profit/(loss) (EBIT)		223,541	(200,999)
Financial income	8	4,856	3,158
Financial expenses	8	(52,656)	(30,547)
Net financing costs	8	(47,800)	(27,389)
Share of profit of associates		-	-
Profit/(Loss) before tax		175,741	(228,388)
Income tax		(17,925)	(22,425)
Profit/(Loss)		157,816	(250,813)

* restated for comparison purposes

Profit/(Loss) attributable to:

	2012	2011
Shareholders of the parent company	156,845	(265,332)
Non-controlling interests	971	14,519
Profit/(Loss)	157,816	(250,813)

Earnings/(Loss) per share:

	<i>Notes</i>	2012	2011
Weighted average number of shares outstanding	9	171,521,389	169,240,450
Basic earnings/(loss) per share	9	US\$ 0.91	US\$ (1.57)
Fully diluted earnings/(loss) per share	9	US\$ 0.91	US\$ (1.57)

SBM Offshore N.V. - Consolidated statement of comprehensive income

For the six months ended 30 June, in thousands of US\$

	2012	2011
Profit/(Loss) for the period	157,816	(250,813)
Cash flow hedges, net of tax	(24,412)	37,598
Currency translation differences, net of tax	(2,237)	9,847
Other comprehensive income for the period, net of tax	(26,649)	47,445
Total comprehensive income for the period	131,167	(203,368)

Total comprehensive income attributable to:

	2012	2011
Shareholders of the parent company	127,648	(218,015)
Non-controlling interests	3,519	14,647
Total comprehensive income for the period	131,167	(203,368)

SBM Offshore N.V. - Consolidated statement of financial position

in thousands of US\$

	Notes	30 June 2012	31 December 2011
ASSETS			
Property, plant and equipment	10	2,736,462	2,533,666
Intangible assets		38,743	47,300
Investment in associates		-	41
Other financial assets		892,130	963,497
Deferred tax assets		9,565	9,959
Derivative financial instruments		4,570	9,524
Total non-current assets		3,681,470	3,563,987
Inventories		23,282	27,915
Trade and other receivables		779,547	996,023
Income tax receivable		580	416
Construction work-in-progress		779,179	499,062
Derivative financial instruments		26,208	29,158
Cash and cash equivalents		218,375	173,500
Assets held for sale	13	111,833	-
Total current assets		1,939,004	1,726,074
TOTAL ASSETS		5,620,474	5,290,061
EQUITY AND LIABILITIES			
Issued share capital		54,332	55,504
Share premium reserve		678,472	674,913
Retained earnings		1,036,448	875,668
Other reserves		(350,478)	(322,517)
Equity attributable to shareholders of the parent company		1,418,774	1,283,568
Non-controlling interests		68,982	65,463
Total Equity	11	1,487,756	1,349,031
Loans and borrowings	12	1,575,575	1,531,887
Deffered income		97,573	74,943
Provisions		40,059	44,443
Deferred tax liabilities		673	2,352
Derivative financial instruments		284,901	281,400
Total non-current liabilities		1,998,781	1,935,025
Loans and borrowings	12	607,198	600,096
Provisions		44,337	30,845
Trade and other payables		1,279,887	1,248,092
Income tax payable		28,206	10,961
Derivative financial instruments		99,856	116,011
Liabilities directly associated with assets classified as held for sale	13	74,453	-
Total current liabilities		2,133,937	2,006,005
TOTAL EQUITY AND LIABILITIES		5,620,474	5,290,061

SBM Offshore N.V. - Consolidated statement of changes in equity

in thousands of US\$

	Outstanding number of shares	Issued share capital	Share premium reserve	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2011	168,667,512	56,420	658,532	1,406,301	(48,083)	2,073,170	50,235	2,123,405
Loss for the period		-	-	(265,332)		(265,332)	14,519	(250,813)
Foreign currency translation		4,789	-	-	4,930	9,719	128	9,847
Cash flow hedges/net investment hedges		-	-	-	37,598	37,598	-	37,598
Comprehensive income for the period		4,789	-	(265,332)	42,528	(218,015)	14,647	(203,368)
Share based payments		-	-	6,024	-	6,024	-	6,024
Stock dividend	2,104,877	739	(739)	-	-	-	-	-
Share options/bonus shares	387,793	136	10,076	(1,218)	-	8,994	-	8,994
Cash dividend	-	-	-	(60,763)	-	(60,763)	-	(60,763)
At 30 June 2011	171,160,182	62,084	667,869	1,085,012	(5,555)	1,809,410	64,882	1,874,292
At 1 January 2012	171,440,416	55,504	674,913	875,668	(322,517)	1,283,568	65,463	1,349,031
Profit for the period		-	-	156,845	-	156,845	971	157,816
Foreign currency translation		(1,236)	-	-	(849)	(2,085)	(152)	(2,237)
Cash flow hedges/net investment hedges		-	-	-	(27,112)	(27,112)	2,700	(24,412)
Comprehensive income for the period		(1,236)	-	156,84	(27,961)	127,648	3,519	131,167
Share based payments		-	-	6,390	-	6,390	-	6,390
Stock dividend		-	-	-	-	-	-	-
Share options/bonus shares	197,276	64	3,558	(2,858)	-	764	-	764
Cash dividend	-	-	-	-	-	-	-	-
Other movements		-	-	404	-	404	-	404
At 30 June 2012	171,637,692	54,332	678,471	1,036,449	(350,478)	1,418,774	68,982	1,487,756

SBM Offshore N.V. - Condensed consolidated cash flow statement

For the six months ended 30 June, in thousands of US\$

	2012	2011(*)
Cash flow from operating activities	690,345	175,656
Cash flow from investing activities	(651,984)	(548,327)
Cash flow from financing activities	8,588	367,364
Net increase/decrease in cash and cash equivalents	46,949	(5,307)
Cash and cash equivalents at 1 January	164,700	103,421
Currency differences	2,381	966
Cash and cash equivalents end of period	214,030	99,080

* restated for comparison purposes

The reconciliation of the cash and cash equivalents as at 30 June with the corresponding amounts in the balance sheet is as follows:

For the six months ended 30 June, in thousands of US\$

	2012	2011
Cash and cash equivalents	218,375	101,785
Bank overdrafts	(4,345)	(2,705)
Cash and cash equivalents	214,030	99,080

SBM Offshore N.V. - Notes to the condensed consolidated interim financial statements

1. General information

SBM Offshore N.V. is a company domiciled in Rotterdam, The Netherlands. The condensed consolidated interim financial statements as of and for the six months ended 30 June 2012 comprise the interim financial statements of SBM Offshore N.V. and its subsidiaries (together referred to as the 'Company') and the Company's interest in associates and jointly controlled entities.

The Company serves the worldwide offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services. The Company is listed on the Euronext Amsterdam stock exchange.

2. Statement of compliance

The condensed consolidated interim financial statements as of and for the six months ended 30 June 2012 have been prepared in accordance with IAS 34, "Interim financial reporting," as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) along with the interpretations adopted by the EU.

The condensed consolidated interim financial statements are presented in US Dollars, rounded to the nearest thousand.

This condensed consolidated interim financial information was approved for issue by the Management Board and the Supervisory Board on 15 August 2012, and has been reviewed, but not audited.

3. Seasonality and cyclicity

The condensed consolidated interim financial statements are not materially impacted by either seasonality or cyclicity of operations.

4. Significant accounting policies

The accounting policies adopted in preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company annual financial statements for the year ended 31 December 2011. The presentation is consistent with Company annual financial statements ended 31 December 2011. As far as the comparative figures for the six months ended 30 June 2011 are concerned, they have been restated to take into account the change in presentation of cash flow statement, income tax, warranty provision, transaction costs on borrowings and derivative financial instruments as disclosed in the consolidated financial statements of the company as at and for the year ended 31 December 2011.

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 are available upon request or can be downloaded on the Company's website.

During the first half of the year 2012, there has been no change in the IFRS accounting principles applicable to the Company.

New accounting standards effective as of 1 January 2013:

Employees Benefits

On 16 June 2011 the IASB issued a revised version of IAS 19 Employees Benefits, which will become effective from 1 January 2013.

The main impact expected by the Company is related to the treatment of actuarial gains and losses on post-employment defined benefit plans. Under the revised standard, actuarial gains and losses will be recognized directly in other comprehensive income.

The method currently applied by the Company consists of taking the cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions exceeding 10% of the value of plan assets or 10% of the defined benefit obligation, will therefore be discontinued effective 1 January 2013.

The amount of accumulated unrecognized actuarial losses was US\$ 6,264 thousand as of December 31, 2011.

Joint Ventures

The following standards were released in 2011:

- IFRS 10 – Consolidated Financial statements, which supersedes IAS 27 – Consolidated and separate financial statements, and SIC 12 – Consolidation: Special Purpose Entities.
- IFRS 11 – Joint arrangements, which supersedes IAS 31 – Interests in Joint Venture

Both will be applicable for annual periods beginning on or after 1 January 2013. IFRS 10 re-instates control as the basis for determining which entities are consolidated in the financial statements. IFRS 11 clarifies the distinction between Joint-Operations and Joint-Ventures, and for those entities, removes the option for proportionate consolidation, leaving the Equity method as the unique rule to account for joint-ventures.

SBM Offshore has reviewed the treatment of its jointly-controlled entities and such analysis leads to the conclusion that the impact of the new standards would be limited on the consolidated financial statements. Most of the Group's jointly-controlled entities would qualify as Joint-Operations, with some exceptions as Joint-Ventures. This preliminary assessment will be further refined in the course of the second half year 2012.

5. Estimates

The preparation of interim financial statements requires management to make judgments, estimates, and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2011.

6. Financial Risk Management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended 31 December 2011.

In the Company's view, financial market, treasury and liquidity risks remain largely covered by our full hedging policy and resulting volatility is not considered material in the overall financial context.

7. Operating segments

The Company's reportable segments are identified as follows:

- Lease and operate,
- Turnkey systems,
- Turnkey services,
- Other (This category consists of corporate overhead functions and other units).

Consolidated income statement by segments: H1 2012

For the six months ended 30 June 2012, in thousands of US\$

	Lease and Operate	Turnkey Systems	Turnkey Services	Other	Eliminations and adjustments	Consolidated
Revenues						
Third party	436,801	1,096,301	136,353	-	-	1,669,455
Inter-segment	-	-	45,769	-	(45,769)	-
Total revenues	436,801	1,096,301	182,122	-	(45,769)	1,669,455
Gross margin						
	158,961	122,165	40,412	-	-	321,538
Other operating income	138	344	-	43	-	525
Selling and marketing	(4,111)	(15,473)	(3,742)	-	-	(23,326)
General and administrative	(7,654)	(27,299)	(3,202)	(25,418)	-	(63,573)
Research and development	(141)	(11,412)	(70)	-	-	(11,623)
EBIT	147,193	68,325	33,398	(25,375)	-	223,541
Net financing costs						(47,800)
Share of profit of associates						
Income tax expense						(17,925)
Profit/(Loss)						157,816
Other segment information						
EBIT	147,193	68,325	33,398	(25,375)	-	223,541
Depreciation, amortization and impairment	95,456	11,635	3,882	574	-	111,547
EBITDA	242,649	79,960	37,280	(24,801)	-	335,088
Impairment charge	-	-	-	-	-	-
Capital expenditure	287,030	36,752	1,025	2,079	-	326,886
Non-current assets	3,342,862	136,548	72,450	129,610	-	3,681,470

Consolidated income statement by segments: H1 2011

For the six months ended 30 June 2011, in thousands of US\$

	Lease and Operate (*)	Turnkey Systems	Turnkey Services	Other Eliminations and adjustments	Consolidated (*)
Revenues					
Third party	456,413	896,483	107,722	-	1,460,618
Inter-segment	-	943	6,574	(7,517)	-
Total revenues	456,413	897,426	114,296	-	1,460,618
Gross margin	(304,219)	165,346	23,916	(1)	(114,958)
Other operating income	-	174		45	219
Selling and marketing	(3,197)	(24,113)	(4,204)		(31,514)
General and administrative	(2,858)	(18,371)	(1,429)	(20,419)	(43,077)
Research and development	(1,590)	(9,258)	(821)		(11,669)
EBIT	(311,864)	113,778	17,462	(20,375)	(200,999)
Net financing costs					(27,389)
Share of profit of associates					
Income tax expense					(22,425)
Profit/(Loss)					(250,813)
EBIT	(311,864)	113,778	17,462	(20,375)	(200,999)
Depreciation, amortization and impairment	560,130	8,458	4,706	535	573,829
EBITDA	248,266	122,236	22,168	(19,840)	372,830

Other segment information

Impairment charge	450,000	-	-	-	450,000
Capital expenditure	393,332	11,347	19,575	6,427	430,681
Non-current assets (31 December 2011)	3,220,314	126,821	81,773	135,079	3,563,987

* restated for comparison purposes

In the first half of 2011, the Company recorded an impairment charge of US\$ 450 million, related to the Talisman Yme and Encana Deep Panuke projects.

8. Net financing costs

For the six months ended 30 June, in thousands of US\$

	2012	2011
Interest income	2,745	3,158
Net forex exchange gain	1,509	-
Other financial income	602	-
Financial Income	4,856	3,158
Interest expenses	(43,867)	(31,555)
Interest addition to provisions	(353)	-
Net forex exchange loss	-	(3,311)
Net ineffective portion in fair value of cash flow hedge	(8,436)	4,322
Other financial expenses	-	(3)
Financial Expenses	(52,656)	(30,547)
Net financing costs	(47,800)	(27,389)

The 'Net ineffective portion in fair value of cash flow hedge' for the 6 months ended 30 June 2012 was mainly related to the partial ineffectiveness of the interest rate swap for the Deep Panuke project.

9. Earnings/(Loss) per share

The basic profit per share for the period is US\$ 0.91 (2011: US\$ 1.57 loss). The fully diluted profit per share amounts to US\$ 0.91 (2011: US\$ 1.57 loss).

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into ordinary shares.

The following reflects the share data used in the basic and diluted earnings/(loss) per share computations:

For the six months ended 30 June

	2012	2011
Number of shares outstanding at 1 January	171,440,416	168,667,512
Stock dividend	-	337,245
New shares issued	80,973	235,693
Weighted average number of shares outstanding	171,521,389	169,240,450
Impact shares to be issued	434,723	-
Weighted average number of shares (for calculation basic earnings per share)	171,956,112	169,240,450
Potential dilutive shares from stock option scheme and other share-based payments	352,623	-
Weighted average number of shares (diluted)	172,308,735	169,240,450

10. Property, Plant and Equipment

The total movement in property, plant and equipment is as follows:

in thousands of US\$

	30 June 2012	31 December 2011
Book value at beginning of period	2,533,666	2,941,810
Additions	326,887	834,795
Disposals	(633)	(21,963)
Depreciation	(108,709)	(233,892)
Impairment	-	(893,785)
Exchange rate differences	(4,515)	(4,399)
Other movements	(10,234)	(88,900)
Total movements	202,796	(408,144)
Book value at end of period	2,736,462	2,533,666

In 2011 the Company reported severe impairment charges associated mainly to an impairment of US\$ 857 million in relation to the completion of two jack-up platforms for the Norwegian Yme field and the Canadian Deep Panuke field as a result of the reassessment of planning of completion, additional workscope and related future costs and recoveries from legal proceedings.

During the first six-months of 2012, the Deep Panuke project has progressed fully in line with our expectation for first gas production in the late summer 2012.

During the period, the offshore works relating to the Yme project progressed in line with the assessment made last year although this progress was recently interrupted by the discovery of potential cracks in the grouting around the legs of the platform and the client's decision as operator to de-man the platform on 13 July 2012 as a result thereof. This recent event has not changed the Company's position to safely complete the platform as quickly as possible within the overall assessment made at the last-year end. The timing of completion of the platform still depends upon several factors including the follow-up of the recently discovered grouting issues and the outcome of discussions with the client to agree on a completion schedule, which agreement is still expected to occur before mid-November. The current valuation takes into account the Company's best estimate of costs related to a reasonable completion scenario although this has yet to be agreed with the client and actual net costs to the Company might differ significantly from assumed net costs.

In 2012, the line 'Other movements' mainly relates to the classification of the Dynamic Installer Vessel as asset held for sale, please refer to note 13.

In 2011, the line 'Other movements' mainly relate to allocation of inventory tankers to awarded projects.

11. Equity attributable to shareholders

Share capital

The authorised share capital of the Company is two hundred million euro (EUR 200,000,000). This share capital is divided into four hundred million (400,000,000) Ordinary Shares with a nominal value of twenty-five eurocent (EUR 0.25) each and four hundred million (400,000,000) Protective Preference Shares, with a nominal value of twenty-five eurocent (EUR 0.25) each. During the period up to and including 30 June 2012: Nil (30 June 2011: 326,500) new ordinary shares were issued in respect of employee share options, nil (30 June 2011: 2,104,877) new ordinary shares in respect of stock dividend, and 197,276 (30 June 2011: 61,293) new ordinary shares in respect of share-based payments. The total number of ordinary shares outstanding at 30 June 2012 was 171,637,692 (30 June 2011: 171,160,182).

Dividends paid

As a consequence of the loss incurred in 2011, the decision has been made not to distribute dividends to shareholders in respect to the year ended 31 December 2011.

12. Interest-bearing loans and other liabilities

Loans and and borrowings

in thousands of US\$

	30 June 2012	31 December 2011
Bank interest-bearing loans and borrowings	1,575,575	1,531,887
Non - Current portion: Bank Interest-bearing loans	1,575,575	1,531,887
Bank interest-bearing loans and borrowings	602,853	591,296
Bank overdrafts	4,345	8,800
Current portion: Bank Interest-bearing loans and other liabilities	607,198	600,096

The movement of the interest-bearing bank loans and borrowings is as follows:

in thousands of US\$

	30 June 2012	31 December 2011
Non-current portion	1,531,887	1,471,260
Add: Current portion	591,296	276,471
Remaining principal at beginning of period	2,123,183	1,747,731
Additions	223,129	663,430
Redemptions	(169,758)	(290,507)
Transaction costs amortisation	1,874	2,529
Movements during the period	55,245	375,452
Remaining principal	2,178,428	2,123,183
Less: Current portion	(602,853)	(591,296)
Non-current portion at end of period	1,575,575	1,531,887

13. Assets held for sale

The non-current assets held for sale and the Liability directly related to the non-current assets held for sale include:

- Assets and liabilities related to the subgroup formed by GustoMSC Holding B.V. and its subsidiaries; The Company has initiated a process for the sale of all issued shares in GustoMSC Holding B.V. and its subsidiaries. Negotiations with interested parties are ongoing and the Company anticipates a disposal before the end of Fiscal Year 2012. This subgroup is currently reported in the Turnkey System Segment.
- Net book value of the Dynamic Installer vessel. The Company has initiated a process for the sale of this vessel to an external party. The signing of a sales agreement is expected in the coming months. The Dynamic Installer is reported in the Turnkey Services Segment.

14. Commitments

Certain investment commitments have been entered into principally in respect of the FPSO Cidade de Ilhabela, the FPSO Cidade de Paraty, FPSO N'Goma and the new Diving Support and Construction Vessel (DSCV). As at 30 June 2012, the remaining contractual commitments for acquisition of property, plant and equipment and investment in leases amounted to US\$ 998.7 million (31 December 2011: US\$ 580.9 million).

15. Contingent Liabilities

The Company reported with a press release on 10 April 2012 that it had become aware of certain sales practices involving third parties which may have been improper. Outside counsel and forensic accountants have been engaged to investigate these practices thoroughly and the Company has taken the necessary steps to prevent any possibly improper practices from occurring. The Company has disclosed its internal investigation to the appropriate authorities. The investigation is still ongoing. Consequently, at this point it is not possible to provide further information or an estimate of the financial effect, if any.

16. Related party transactions

During the six months period ended 30 June 2012, no major related-party transactions took place that should be disclosed in these condensed consolidated interim financial statements.

The expenses recognized with respect to share-based payments are US\$ 6.4 million (30 June 2011: US\$ 6.0 million).

17. Subsequent events

No major subsequent event took place that should be disclosed in these condensed consolidated interim financial statements.

Report on review of condensed consolidated interim financial statements

Review report

To: The Supervisory Board and Board of Management of SBM Offshore N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements ('the consolidated interim financial statements') of SBM Offshore N.V., Rotterdam, which comprises the consolidated statement of financial position as at 30 June 2012, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period ended 30 June 2012, and the notes.

Management is responsible for the preparation and presentation of the consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Rotterdam, 15 August 2012

KPMG Accountants N.V.

P.W.J. Smorenburg RA