Petrofac Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013

CONTENTS

GROUP FINANCIAL HIGHLIGHTS

US$2,794 million
Revenue
Six months ended 30 June 2012: US$3,187 million

US$14.3 billion
Backlog[1]
As at 31 December 2012: US$11.8 billion

US$405 million
EBITDA[2]
Six months ended 30 June 2012: US$455 million

70.72 cents
Earnings per share (diluted)
Six months ended 30 June 2012: 94.82 cents

US$243 million
Net profit
Six months ended 30 June 2012: US$326 million

22.00 cents
Interim dividend per share
Six months ended 30 June 2012: 21.00 cents

25%
Return on capital employed
Six months ended 30 June 2012: 61%

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1 Backlog consists of the estimated revenue attributable to the uncompleted portion of lump-sum engineering, procurement and construction contracts and variation orders plus, with regard to engineering, operations, maintenance and Integrated Energy Services contracts, the estimated revenue attributable to the lesser of the remaining term of the contract and five years. Backlog will not be booked on Integrated Energy Services contracts where the Group has entitlement to reserves. The Group uses this key performance indicator as a measure of the visibility of future revenue. Backlog is not an audited measure.

2 EBITDA means earnings before interest, tax, depreciation, amortisation and impairment and is calculated as profit before tax and net finance income, but after our share of results of associates (as per the consolidated income statement) adjusted to add back charges for depreciation, amortisation and impairment charges (as per note 3 to the interim condensed consolidated financial statements).

BUSINESS REVIEW

Results

Petrofac has started the year very positively. The Group has added to its excellent portfolio of projects with a number of new awards and our pipeline of bidding opportunities remains strong. We expect to deliver modest growth in net profit this year and remain on track to achieve our 2015 earnings target.[1]

Our revenue and net profit for 2013 is significantly weighted towards the second half of the year, reflecting the phasing of project delivery. In the six months ended 30 June 2013, revenue was lower at US$2,794 million (2012 restated: US$3,187 million) and net profit attributable to Petrofac Limited shareholders was lower at US$243 million (2012 restated: US$326 million).

EBITDA for the first six months of the year was US$405 million (2012: US$455 million), reflecting the phasing of project delivery.

The Group's net debt stood at US$370 million at 30 June 2013 (31 December 2012, as restated (see note 2 to the financial statements, page 25, for an explanation of the restatement): net cash US$233 million) as the net result of:

- operating profits before working capital and other non-current changes of US$388 million
- net working capital outflows of US$485 million, with a cash inflow of US$160 million from a reduction in trade and other receivables being more than offset by a cash outflow from a reduction in trade and other payables of US$325 million, including a reduction in advances received from customers of US$151 million, and a cash outflow from a reduction in accrued contract expenses of US$233 million, predominantly in relation to Onshore Engineering & Construction projects nearing completion
- an increase in long-term receivables from customers of US$76 million due to expenditure on the Berantai Risk Service Contract and our contribution to the capital expenditure on the Greater Stella Area development in the UK
- investing activities of US$196 million, including capital expenditure of US$220 million on Integrated Energy Services projects, less US$62 million of cash recognised on consolidation of Petrofac Emirates and RNZ Integrated Sdn Bhd (RNZ) (see note 11 to the financial statements)
- financing activities, in particular, payment of the 2012 final dividend of US$148 million and financing the purchase of treasury shares for US$45 million for the purpose of making awards under the Group's share schemes
- taxes paid of US$37 million

Net (debt)/cash (US$ millions)	*30 June 2013*	*31 December 2012 (Restated)*	*30 June 2012 (Restated)*
Cash and short-term deposits	538	582	790
Interest-bearing loans and borrowings	(908)	(349)	(67)
Net (debt)/cash	(370)	233	723

Net finance income for the period was US$5 million (2012: US$1 million). Finance income was US$11 million (2012: US$3 million) due to the unwinding of discounting of long-term receivables on the Berantai Risk Service Contract. Finance costs were US$6 million (2012: US$2 million) due to higher average levels of interest-bearing loans and borrowings.

The tax charge for the six months ended 30 June 2013 of US$58 million (2012: US$89 million) represents an effective tax rate of 19% (six months ended 30 June 2012: 22%; year ended 31 December 2012: 18%). The Group's effective tax rate is dependent upon a numbers of factors including the timing of profit recognition between the first and second halves of the year on contracts held as well as mix of jurisdiction in which new contracts are won within the Onshore Engineering & Construction and the Integrated Energy Services segments. If the consequences of the timing issues noted above are accounted for, the Group's effective tax rate for year end 2013 is expected to be broadly in line with the effective tax rate in the comparable 2012 period.

Diluted earnings per share for the six months ended 30 June 2013 was 70.72 cents per share (2012: 94.82 cents per share) in line with the change in net profit.

The Group's combined backlog increased 21% to US$14.3 billion at 30 June 2013 (31 December 2012:

[1] Our Group earnings target is net profit after tax of more than US$862 million in 2015, a doubling of 2010 recurring earnings.

US$11.8 billion), reflecting a number of new awards during the first half of the year and an increase in our economic interest in Petrofac Emirates (see page 5).

At 30 June 2013, the Group had around 18,500 employees (including long-term contractors), compared with 18,000 at 31 December 2012, due largely to the consolidation of RNZ from 1 April 2013.

Dividend

The Board has declared an interim dividend of 22.00 cents per share (2012: 21.00 cents), an increase of 5%, which will be paid on 18 October 2013 to eligible shareholders on the register at 20 September 2013. Shareholders who have not elected to receive dividends in US dollars will receive a sterling equivalent of 14.10 pence per share. The Board will set the total dividends payable for the year to 31 December 2013 according to the Group's earnings and expects to distribute approximately 35% of full year post tax profits by way of dividend, in accordance with the Group's dividend policy.

BUSINESS REVIEW

Segmental analysis

The Group reports the financial results of its seven service lines under four reporting segments:

Divisions	Engineering, Construction, Operations & Maintenance (ECOM) *Chief Executive, Marwan Chedid*				Integrated Energy Services (IES) *Chief Executive, Andy Inglis*		
Reporting segments	Onshore Engineering & Construction (OEC)	Offshore Projects & Operations (OPO)		Engineering & Consulting Services (ECS)	Integrated Energy Services		
Service lines	Onshore Engineering & Construction	Offshore Projects & Operations	Offshore Capital Projects	Engineering & Consulting Services	Training Services	Production Solutions	Developments

We present below an update on each of the Group's reporting segments:

US$ million ***For the six months ended 30 June***	***Revenue*** **2013**	*2012 restated*	***Operating profit***[1] **2013**	*2012 restated*	***Net profit***[2] **2013**	*2012 restated*	***EBITDA*** **2013**	*2012 restated*
Onshore Engineering & Construction	**1,610**	2,333	**190**	299	**171**	251	**224**	318
Offshore Projects & Operations	**670**	661	**20**	42	**12**	31	**29**	44
Engineering & Consulting Services	**180**	103	**6**	4	**6**	5	**9**	7
Integrated Energy Services	**419**	318	**57**	90	**43**	64	**116**	110
Corporate, others, consolidation adjustments & eliminations	**(85)**	(228)	**22**	(23)	**11**	(25)	**27**	(24)
Group	**2,794**	3,187	**295**	412	**243**	326	**405**	455

Growth/margin analysis % ***For the six months ended 30 June***	***Revenue growth*** **2013**	*2012 restated*	***Operating margin*** **2013**	*2012 restated*	***Net margin*** **2013**	*2012 restated*	***EBITDA margin*** **2013**	*2012 restated*
Onshore Engineering & Construction	***(31.0)***	*22.5*	***11.8***	*12.8*	***10.6***	*10.8*	***13.9***	*13.6*
Offshore Projects & Operations	***1.4***	*13.8*	***3.0***	*6.4*	***1.8***	*4.7*	***4.3***	*6.7*
Engineering & Consulting Services	***74.8***	*7.1*	***3.3***	*3.9*	***3.3***	*4.9*	***5.0***	*6.8*
Integrated Energy Services	***31.8***	*23.9*	***13.6***	*28.3*	***10.3***	*20.1*	***27.7***	*34.6*
Group	***(12.3)***	*17.6*	***10.6***	*12.9*	***8.7***	*10.2*	***14.5***	*14.3*

[1] Profit from operations before tax and finance costs, including the Group's share of results of associates.
[2] Profit for the year attributable to Petrofac Limited shareholders.

BUSINESS REVIEW

Engineering, Construction, Operations & Maintenance

Engineering, Construction, Operations & Maintenance designs and builds oil and gas facilities and operates, manages and maintains them on behalf of our customers.

Onshore Engineering & Construction

Onshore Engineering & Construction delivers onshore engineering, procurement and construction projects. We are predominantly focused on markets in the Middle East, Africa and the Commonwealth of Independent States.

We have made good progress on our portfolio of projects during the first half of the year, including progress on commissioning our major projects in Abu Dhabi (Asab oil field development), Algeria (El Merk gas processing facility) and Turkmenistan (South Yoloten development).

As previously noted, following the terrorist attack which took place in January 2013 at the In Amenas natural gas site in Algeria, at the request of our client, we evacuated our staff on a temporary basis from the In Salah southern fields development in that country. We have made progress at the site and are finalising arrangements with our client for further mobilisation of resources in the near future.

Petrofac Emirates

With effect from January 2013, we agreed to increase our economic interest in Petrofac Emirates, our Abu Dhabi based venture, to 75%. Mubadala Petroleum sold its shares in Petrofac Emirates to Nama Project Services LLC, an affiliate of Nama Development Enterprises, a leading local service provider to the energy industry across the United Arab Emirates. Nama will hold a 25% economic interest in the venture. We will report 100% of the revenue and backlog on all current and future Petrofac Emirates' projects (with Nama's 25% economic interest reported as 'profit for the year attributable to non-controlling interests').

New awards

Order intake for the first half of the year totalled US$4.3 billion (2012: US$0.5 billion), including the following major awards:

Upper Zakum, UZ750 field development, Abu Dhabi

In April 2013, we announced that Petrofac Emirates had been awarded a contract by Zakum Development Company (ZADCO) for the Upper Zakum (UZ750) field development in Abu Dhabi. The project is worth approximately US$3.7 billion and has been secured by Petrofac Emirates in a consortium with Daewoo Shipbuilding & Marine Engineering Co Ltd (DSME). Petrofac Emirates' share of the contract is valued at US$2.9 billion. The project comprises engineering, procurement, construction transportation and commissioning of island surface facilities on four artificial islands. Specifically, this will include wellhead control, manifolds, crude oil process facilities, water injection and gas lift, oil export pumps, power generation and associated utilities. These facilities will commence operations during 2016.

Bab gas compression project, Abu Dhabi

In June 2013, Petrofac Emirates was awarded a US$500 million contract by Abu Dhabi Company for Onshore Oil Operations (ADCO) for expansion of compression facilities at the Bab Field, 150 kilometres southwest of Abu Dhabi city. We will undertake modifications to three of the existing compressor stations and install a new fourth facility. The scope of work also includes 27 well head facilities, associated gas pipelines, direct gathering manifold and modifications to remote manifold stations. The project will be completed in a phased manner in approximately 30 months whereupon commissioning will commence.

Bab Habshan-1 project, Abu Dhabi

In June 2013, Petrofac Emirates was awarded a US$187 million onshore engineering, procurement and construction contract by ADCO for the development of the Bab Habshan-1 project. The project has an anticipated duration of 20 months and includes the provision of water injection clusters, oil production wells, water injection wells, associated electrical and instrumentation facilities, pipelines (headers and flowlines), overhead power transmission lines and modifications at remote degassing stations.

BUSINESS REVIEW

Results

Revenue for the first half of the year was substantially lower than the prior year at US$1,610 million (2012 restated: US$2,333 million), reflecting the scheduling of recent awards and the rephasing of the In Salah southern fields development in Algeria.

Net profit for the first six months of the year was US$171 million (2012: US$251 million), reflecting the phasing of activity. Net margin for the first six months of the year was 10.6% (2012 restated: 10.8%), broadly in line with the prior period.

Onshore Engineering & Construction headcount stood at 6,600 at 30 June 2013 (31 December 2012: 7,800), reflecting lower activity levels in the first half of 2013.

At 30 June 2013, Onshore Engineering & Construction backlog stood at US$7.8 billion (31 December 2012: US$5.1 billion), reflecting recent awards in Abu Dhabi, where we now book 100% of Petrofac Emirates share.

BUSINESS REVIEW

Offshore Projects & Operations

Offshore Projects & Operations, which includes our Offshore Capital Projects (OCP) service line, provides engineering and construction services at all stages of greenfield and brownfield offshore projects. In addition, through the provision of operations support services, we deliver production and maintenance support and extend field life. The majority of Offshore Projects & Operations' activities are currently in the UK Continental Shelf (UKCS), but a growing proportion of activities are outside of the UK, including in the United Arab Emirates, Iraq, Malaysia and Thailand. Services are predominantly provided on a reimbursable basis, but often with incentive income linked to the successful delivery of performance targets. Many of our production and maintenance contracts are long-term (typically three to five years) and in the case of the provision of Duty Holder[1] services are generally open-ended. Increasingly, we are delivering our engineering and construction services on a lump-sum basis on offshore capital projects, as we progress our strategy of taking our onshore EPC capability offshore.

Overall activity levels in the first half of 2013 on operations support contracts were similar to the first half of 2012, with the award of a number of contracts during the second half of 2012 offsetting a reduction in activity in Mechanical Services and on some other existing operations support contracts. The contracts awarded during the second half of 2012 included: engineering and construction services for Apache; an offshore operations contract for South Oil Company (SOC) in Iraq; and, an inspection, maintenance and repair contract for BP in Iraq on the Rumaila field. The first half of 2012 benefited from high levels of activity from offshore capital projects, including the upgrade and modification of the FPF5 (formerly the Ocean Legend) and the FPSO Berantai. These projects are now complete with the floating production facilities on location on the West Desaru fault block and the Berantai development, both offshore Malaysia. We remain active on the upgrade and modification of the FPF1 for the Greater Stella Area development in the UKCS and the refurbishment of the Bekok-C platform in Malaysia.

New awards

We have secured the following major new projects in 2013 to date:

SARB3 project, Abu Dhabi

In April 2013, we were awarded a US$500 million engineering, procurement, installation and commissioning (EPIC) contract by Abu Dhabi Marine Operating Company (ADMA-OPCO) for Satah Al Razboot (SARB) package 3 project (SARB3). The competitively tendered contract will be delivered by April 2016. Drilling will be conducted from two artificial islands (SARB1 and SARB2) with the well fluid sent by subsea pipeline to a facility on Zirku Island for processing, storage and export. Under the terms of the contract, we will deliver 200 kilometres of subsea pipelines for well fluid, water injection, gas injection, flare and export, along with 3 kilometres of onshore pipeline and 55 kilometres of subsea power and communication cables. The offshore scope of the contract includes the provision of two riser platforms and four flare platforms with four interconnecting bridges and one single point mooring buoy located at the north of Zirku Island. The onshore scope of the contract includes: drilling utilities, foundations on SARB1 and SARB2, transport, installation, hook up and assistance in the commissioning of the accommodation modules. This award is our largest offshore EPIC project to date and demonstrates the demand we see for us to broaden our market-leading EPC capability offshore.

Operations and maintenance contract, Oman

In June 2013, we announced a new agreement, worth US$50 million, with Oman Oil Company Exploration and Production LLC (OOCEP). The contract, for an initial period of three years, will see us deliver operations and maintenance at two new production facilities on behalf of OOCEP, the upstream subsidiary of Oman Oil Company, the national oil company of Oman. The facilities are: OOCEP's new Musandam Gas Plant in Bukha, Musandam, which comprises an onshore plant and utilities for receiving well fluids from offshore platforms in the West Bukha field; and, the Abu Tubul onshore development in central Oman, which comprises multiple production wells, connected via a gathering and trunk line system to a gas processing plant. Both production facilities are currently under construction. We will design and implement an operations management system to meet OOCEP requirements and manage the initial transition from the commissioning to full operating phase.

[1] Contracts where the Group takes full responsibility for managing a customer's asset and is responsible for the safety case of the asset.

BUSINESS REVIEW

Results

Revenue for the first half of the year increased 1% to US$670 million (2012 restated: US$661 million). Around 70% of Offshore Projects & Operations' revenue was generated in the UK and those revenues are generally denominated in sterling. The average US dollar to sterling exchange rate for the first half of 2013 was lower than the prior period. Excluding the impact of the exchange rate movement, revenue growth would have been marginally higher than reported.

Financial reporting exchange rates **US$/Sterling**	**6 months ended 30 June 2013**	**Year ended 31 December 2012**	**6 months ended 30 June 2012**
Average rate for period	1.53	1.59	1.58
Period-end rate	1.52	1.63	1.57

Net profit for the first half of the year was lower at US$12 million (2012: US$31 million), as the first half of 2012 benefited from a substantial contribution from offshore capital projects, including a contribution from a project that was substantially complete.

Headcount increased to 5,000 at 30 June 2013 (31 December 2012: 4,300) as the Laggan-Tormore project on the Shetland Islands is now in its construction phase.

Offshore Projects & Operations backlog stood at US$3.0 billion at 30 June 2013 (31 December 2012: US$3.5 billion). Given that many contracts are denominated in sterling, period end exchange rates had the impact of reducing reported backlog by approximately US$0.2 billion.

BUSINESS REVIEW

Engineering & Consulting Services

Engineering & Consulting Services operates as our centre of technical engineering excellence. From offices in the UK, India and Malaysia, we support the life cycle of oil and gas assets. This is through engineering studies, including conceptual, front end engineering and design (FEED) and detailed design work, across onshore and offshore oil and gas fields, to external customers and in support of ECOM and IES projects, primarily on a reimbursable basis.

As well as supporting the rest of ECOM and IES, for example, on the Etinde project for Bowleven in Cameroon, we have secured and undertaken a number of conceptual studies and FEED studies during the first half of the year for external customers. Engineering & Consulting Services' larger awards in the first half of the year included:

In Salah Gas and In Amenas consultancy, design and procurement services, Algeria

In January 2013, we were awarded a substantial services contract in Algeria, by the In Salah Gas and In Amenas joint ventures comprising Sonatrach, BP and Statoil. Under the terms of the competitively tendered three-year contract, we will be providing a range of multi-discipline consultancy, design and procurement services. These activities will support the joint ventures' development programme to augment hydrocarbon production on both the In Salah and In Amenas assets.

Lakach project management contract, Mexico

In March 2013, we were awarded, in partnership with Doris Engineering, a project management contract by Petróleos Mexicanos (PEMEX) for the Lakach project, their first major deepwater development. Our services include specialised technical assistance, supervision for the construction, installation, commissioning, testing and start-up of deepwater wells and infrastructure, drilling activities and tie-ins to existing onshore facilities.

Acquisitions

In late 2011, we entered into a collaboration agreement with RNZ, a Malaysian engineering company with particular focus on offshore projects. Following the completion of a number of pre-conditions, including the establishment of a management committee, we now have overall control of RNZ and the company is consolidated as part of the Petrofac Group (see note 11 to the financial statements). RNZ has approximately 700 employees, and is one of a small number of companies to be licensed to undertake major offshore engineering projects for Petronas.

Results

Revenue for the period increased 75% to US$180 million (2012 restated: US$103 million), reflecting a substantial increase in activity levels, including significant activity on a project in Malaysia, and the consolidation of RNZ from April 2013. Net profit for the first half of the year increased 20% to US$6 million (2012: US$5 million).

Headcount increased to 3,600 at 30 June 2013 (31 December 2012: 2,800), due principally to the inclusion of approximately 700 employees of RNZ.

Integrated Energy Services

Integrated Energy Services comprises three discrete but connected service lines, Developments, Production Solutions and Training Services. Where we can leverage our service capabilities to enhance value, mitigate risks and reduce costs, Integrated Energy Services provides a fully integrated service offering for hydrocarbon resource holders under flexible commercial models that are aligned to their requirements. Projects cover upstream developments, both greenfield and brownfield, and related energy infrastructure projects and can include the provision of financial capital.

Integrated Energy Services deploys its services to meet the individual needs of customers using a range of commercial frameworks, including:

- Production Enhancement Contracts (PECs)
- Risk Service Contracts (RSCs)
- traditional equity upstream investment models including both Production Sharing Contracts (PSCs) and concession agreements

Our service offering is underpinned by our ability to develop resource holders' local capability through the provision of technical skills training with competency development and assurance frameworks.

Production Enhancement Contracts

In Mexico, we took over field operations on the Pánuco contract area in late March 2013 and on the Arenque contract area in early July 2013. We have made good progress on Magallanes and Santuario in the first half of the year, having improved production levels since we took over the blocks in February 2012.

On the Ticleni PEC in Romania, we have achieved an increase in production versus the same period last year. We are currently shooting additional seismic studies in order to enhance our understanding of the Ticleni field.

We earn a tariff per barrel on PECs for an agreed level of baseline production and an enhanced tariff per barrel on incremental production. In the first half of the year we earned tariff income on a total of 3.2 million barrels of oil equivalent (mboe) (2012: 2.4 mboe), reflecting: a full six months of production from Magallanes and Santuario (five months in 2012 following commencement in February 2012); a contribution from Pánuco, which commenced in late March 2013; and, higher production from Ticleni.

Risk Service Contracts

On the Berantai RSC, offshore Peninsular Malaysia, we commenced the processing and exporting of gas in October 2012. By the end of the first half of 2013, we had achieved another key milestone on this project in bringing all thirteen wells from the first phase of the development online.

On the Etinde Permit in Cameroon, Bowleven has completed the appraisal of the IM5 well on the Permit during the first half of the year, with encouraging results.

Production Sharing Contracts (PSC) and royalty concessions

In Malaysia, we commenced production from the third phase of development of Block PM304, West Desaru, in early August 2013, only 18 months from approval of the Field Development Programme (FDP) by Petronas. Initial oil processing will be through the recently upgraded FPF5 Mobile Offshore Production Unit with stabilised crude oil exported through the existing Cendor phase 1 facilities and ultimately through the phase two FPSO after its arrival in the Cendor field. During the first half of the year we drilled two new wells on Block PM304 as part of a near field appraisal programme and the results from both wells are encouraging.

The Chergui gas plant in Tunisia continues to perform in line with our expectations, with production at similar levels to the prior year. Two new wells have been completed with the aim of accelerating production and we expect both to be tied-in and producing during 2014.

In the first half of the year our net entitlement from production from the first phase of the PM304 Cendor field and the Chergui gas plant was a total of 0.7 million barrels of oil equivalent (mboe) (2012: 0.7 mboe).

Subsea development drilling operations have commenced on the Greater Stella Area development in the North Sea during the first half of the year.

Results
Integrated Energy Services' revenue increased by 32% to US$419 million (2012 restated: US$318 million), reflecting a greater contribution from Production Enhancement Contracts, particularly the Magallanes and Santuario PECs in Mexico.

Net profit was lower at US$43 million (2012: US$64 million). Excluding the US$36 million contribution from the FPF1 transaction in the first half of 2012, net profit was over 50% higher, reflecting the greater contribution from Production Enhancement Contracts.

Headcount increased to 3,300 at 30 June 2013 (December 2012: 3,000), primarily due to an increase in the number of employees in Mexico following commencement of the Pánuco and Arenque PECs.

Integrated Energy Services' backlog stood at US$3.2 billion at 30 June 2013 (31 December 2012: US$3.0 billion).

Consolidation adjustments & eliminations

In 2012, Offshore Projects & Operations' margin from undertaking the modification and upgrade of the FPF5 (formerly known as the Ocean Legend) Mobile Offshore Production Unit (MOPU) was eliminated upon consolidation (in the column 'Consolidation adjustments & eliminations' in note 3 to the financial statements) and the MOPU was carried at cost within Property, Plant and Equipment on the Group's balance sheet. In January 2013, IES granted a finance lease of the FPF5 to the partners on the PM304 PSC in Malaysia, for deployment on the West Desaru fault block. The Group has a 30% interest in the PM304 PSC, with the remaining 70% owned by Petronas, KUFPEC and PetroVietnam. Following the granting of the finance lease, the Group recognised a gain of US$22m in the six months ended 30 June 2013, equivalent to 70% of Offshore Projects & Operations' margin from the modification and upgrade work.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013
Principal risks and uncertainties

The principal risks and uncertainties that could lead to a significant loss of reputation or prevent us from delivering our five-year strategic plan are summarised here, along with our approach to mitigating these risks. These key risks and uncertainties have not materially changed since the publication of our 2012 Annual Report. Details of our risk framework are included in the Group's Annual report and accounts 2012 on pages 82 to 87.

Risk	Mitigation and management	Comments/links
Sovereign, country and financial market		
Overexposure to a single market risk Over-concentration in a particular market or geography, could impact on our ability to deliver the 5-year strategic plan.	Petrofac endeavours to ensure that its portfolio is appropriately diversified as a mitigant against potential instability within specific countries or regions where the Group has an interest. Our country exposure in higher risk jurisdictions is reviewed by the Group Risk Committee when considering discrete risks or entry into new countries or territories; and by the Board Risk Committee who, on a quarterly basis, review the overall concentration risk. We also take all reasonable measures to reduce and limit our commercial exposure in each territory through the use of, for example, regular security risk assessments, careful selection of contracting parties, out of country arbitration, advanced payments and careful cash management.	See page 13 to 17 of the Group's Annual report and accounts 2012 for details of how we are diversifying our business model.
Counterparty risk The risk of financial or commercial exposure if counterparties (key financial institutions, customers, partners subcontractors or vendors) fail to perform their obligations.	We aim to minimise our cashflow exposure on contracts and where we deploy capital alongside our services, such as in Integrated Energy Services (IES). We will only do so where we are comfortable with the counterparty risk and the contractual terms and conditions. With respect to financial counterparty risk, we regularly monitor our exposure and ensure that our financial assets are spread across a large number of creditworthy financial institutions and that limits are not breached. Our Sovereign and Financial Market Risk Policy requires that material financial counterparty risk is only held with counterparties that are rated by Standard and Poor's as "A" or better (or equivalent rating from Moody's). Financial Counterparty Risk is managed by Group Treasury. The Board Risk Committee has established specific limits for the main financial counterparties used by the Group.	See our Sovereign and Financial Market Risk Policy - available on our website: www.petrofac.com/governancedownloads
Liquidity risk The risk arising from insufficient financial resources being available to meet liabilities as they fall due.	We manage liquidity risk by ensuring that we maintain an adequate level of liquidity in the form of readily available cash, short term investments or committed credit facilities at all times. As the company has grown, it is investing more of its surplus cash into strategic investments and other opportunities, particularly in IES. In 2012 we arranged a US$1.2bn five-year revolving credit facility to secure additional liquidity. The Board Risk Committee has defined a minimum level of liquidity which must be maintained by the Group and additionally, the Board has defined a maximum level of permitted leverage. Careful cash flow forecasting is carried out across all service lines on a regular basis to identify any funding requirements well in advance.	See note 31 to the financial statements in the Group's Annual report and accounts 2012.
Investment risk Poor investment decisions could negatively impact our business.	Our organic growth is dependent on creating a portfolio of quality investments and investing in the best available options. Ineffective investment selection and development (particularly in IES) could lead to loss of value and higher capital expenditure.	
Business disruption risk Exposure to potential civil/political unrest, civil war, regime change or sanctions that could adversely affect our operations. Information security breaches may also result in the loss of Petrofac's commercially sensitive data.	Petrofac faces a range of political risks in a variety of territories with the possibility of unforeseen regime change or legal / regulatory changes. The Board therefore regularly monitors the changing landscape of political risk, particularly in those countries regarded as high risk. Security risk assessments are carried out in all high risk territories before entering into specific contracts. Careful consideration is also given to project, investment and income exposures and to the review of the associated terms and conditions of contracts with customers. In respect of the protection of electronic information, Petrofac is continually improving the security of its information technology infrastructure, reviewing key business processes in the context of information security and ensuring there is heightened consideration of information security in the business. A new 'Petrofac Group Information Security Policy' was produced in 2012 to increase awareness and understanding of the threat.	Despite the unrest in the Middle East and North Africa during 2011 to date, our activities suffered limited disruption, (see page 33 of the Group's Annual report and accounts 2012 for details). Our security and evacuation procedures are kept under review.

Risk	Mitigation and management	Comments/links
Commodity or currency risk Significant movements in exchange rates could impact our financial performance. Oil and gas prices may have an impact on the level of new investment in the industry and may affect demand for our services. The financial performance of IES is more leveraged to the price of oil and gas through its Production Sharing Contracts/equity positions.	The majority of our revenues are denominated in US dollars or currencies pegged to the US dollar. In contracts priced in US dollars (or currencies pegged to the US dollar) where the Group is procuring equipment or incurring costs in other currencies, we aim to hedge fully transactional exposures using forward currency contracts. Offshore Projects & Operations' revenues and costs are principally denominated in sterling. Our policy is not to hedge the sterling revenues generated by these activities as they are substantially matched by the sterling costs of our corporate office and other UK-based activities. As detailed in the 'operating environment' section, we expect demand for our services to remain robust and not be materially impacted by short-term fluctuation in oil and gas prices. We do recognise however that as a result of threats to global economic growth, there is a risk of falling oil prices which could result in reduced or delayed activity by national oil companies (NOCs) and international oil companies (IOCs) impacting upon future backlog and margins. Under our Sovereign and Financial Market Risk Policy we aim to hedge, on a rolling annual basis, the net profit exposure resulting from at least 75% of our low-estimate of hydrocarbon production. We will not undertake hedging until a development has achieved steady-state production.	See note 31 of the Group's Annual report and accounts 2012 to the financial statements for details of our oil and gas derivative instruments and foreign currency exposures and how they are managed. Over the medium-term, growth in the IES division is expected to be primarily driven by Risk Service Contracts and Production Enhancement Contracts, where we have no direct oil and gas price exposure.
Operational and contractual		
Customer concentration risk Overexposure to any one customer could have a significant impact if that customer relationship were jeopardised.	The Board regularly monitors the total value of contracts by customer to ensure that we are not overly dependent upon any one customer. We have a widely disaggregated customer base in the ECOM division and are working towards a larger portfolio of clients for the growing IES business. The company's strategy is to disaggregate the business further in terms of its service lines, locations, and business models. Furthermore, we have a formal programme to ensure that we maintain a regular dialogue with our major customers at a senior level to appreciate their future plans and to understand any concerns they may have with regard to our performance.	There are a number of relevant policies under our operating framework for managing these risks, such as the Operational and Contractual Risk Policy.
Competition risk Risk that we lose our strategic market position or geographic spread.	As noted in the 'operating environment' section, we expect the demand for our services to remain robust over the long-term, albeit we face significant competition in many of our markets. Our five-year strategic plans assume that a high level of competition continues, however, our geographic and service line expansion, including the provision of IES, has helped to grow the size of the addressable market for our services. Bid Win ratios and segmental competition are regularly analysed to monitor this risk.	See page 17 of the Group's Annual report and accounts 2012 for details of how we plan to deliver Integrated Energy Services.
Environmental, asset integrity or safety risks A serious environmental, asset integrity or health and safety incident on any of our projects has the potential to cause significant commercial and reputational damage.	Major accidents or incidents (although low probability), or a failure to manage these risks effectively, could result in injury, loss of life, damage to the environment, and/or loss of certain facilities, with the associated loss of production, or costs associated with mitigation, recovery, compensation and fines. Petrofac is also subject to health and safety laws in numerous jurisdictions around the world and failure to comply with such laws could significantly impact the Group's reputation, affecting the willingness of stakeholders to work with the Group. As we enter new geographical markets, sometimes with new customers and partners, and assume responsibility for new infrastructure, it is particularly important that our focus on these issues is maintained. Our strong culture of health, safety and environmental awareness is central to our operational and business activities. This culture is supported by our Company operating framework and its associated management processes and systems; for example our Asset Integrity Framework. We have a wide variety of controls embedded within our HSSEIA processes; Safety Case management; Major Accident Hazard risk assessments and audits; together with regular monitoring of integrity management and maintenance schedules. Management teams also review the commercial arrangements with clients, maintain emergency preparedness plans and review insurance coverage.	Recorded incident data measures our effectiveness in managing health, safety and environmental risks (see pages 28 and 29 of the Group's Annual report and accounts 2012 for details).

Risk	Mitigation and management	Comments/links
Contractual performance risk Our financial performance could be significantly affected by the performance of a relatively small number of large contracts.	Successful project delivery is fundamental to Petrofac's operating performance. A substantial variation in cost or schedule could constitute a significant risk to the Group's reputation and financial position. We do however, have a strong track record of successful project execution which reflects our rigorous approach to risk identification and mitigation, from bid submission through to project completion. Progress on key projects is formally reported to the Board and senior management (who receive detailed risk analyses) on a regular basis. Our design integrity assurance process involves the robust challenge of design specifications, whether or not they are defined by the customer, including peer-review assessment and ongoing reviews of integrity risk are undertaken throughout the life of a project. Our subcontractor risk management strategy involves the retention of competent subcontractors with a track record of delivery. We have a number of strong subcontractor relationships with proven high quality companies that we seek to work with wherever possible. We seek to avoid the acceptance of any liabilities that are unquantifiable or for which we could not reasonably be regarded as responsible, including losses of a consequential nature. We monitor the adequacy of insurance provision and the extent to which we can bear the financial consequences of a catastrophe.	See our Operational and Contractual Risk Policy - available on our website: www.petrofac.com/governancedownloads
Risk Transfer Arrangements Insurance Programme coverage.	The transfer of risks to the insurance market may be affected and influenced by constraints on the availability of cover, market appetite and capacity, price, and the propensity of an insurer to respond to notifications and claims, which means that the Group could be exposed to material uninsured losses. Some risks associated with Petrofac's activities cannot or may not be reasonably or economically insured. Petrofac may therefore incur significant losses from risks that are not covered by insurance. Petrofac maintains an insurance programme to provide mitigation against significant losses, which is consistent with general industry practice. The insurance programme incorporates a captive insurance vehicle. Policies purchased are subject to certain limits, deductibles and specific terms and conditions. In addition, insurance premium costs are subject to changes based on a company's loss experience, the overall loss experience of the insurance markets accessed, and capacity constraints.	
Organisation and succession risk The availability of sufficiently skilled, experienced and capable personnel, particularly at senior level, remains one of the most significant challenges facing the oil and gas industry.	Petrofac's performance, operating results and future growth, depend to a large extent on its continued ability to attract, retain, motivate and organise appropriately qualified personnel with the level of expertise and knowledge necessary to conduct its operations effectively. Competition for talented, suitably experienced and qualified management and employees is intense across the sector for specialists in oil and gas. Petrofac has aggressive targets for growth and anticipates a further increase in the number of employees in the next five years. We are therefore evolving a more systematic approach to resourcing to ensure we can meet our short and long-term human resource needs. We regularly review our resourcing demand models which underpin the Group's business plans and aim to identify the best people through talent and performance management, linked to effective succession planning and recruitment. We remain confident that our policies to attract, promote and reward on merit, targeted, but extensive, employee share ownership, management and technical training programmes, and access to international labour markets, will enable us to attract and retain the necessary skilled personnel to undertake our projects in hand.	See 'people and resourcing' on page 52 to 54 of the Group's Annual report and accounts 2012.

Ethical, social and regulatory		
Major breach of our Code of Conduct Working with third parties, communities, workforce relations, etc.	Our Code of Conduct sets out the behaviours we expect of our employees and third parties working with and / or for us, such as suppliers, contractors, agents and partners. We are committed to complying with all applicable legal requirements and working to the highest ethical standards. In 2012 we also strengthened our management of the social impacts of our operations on directly affected communities by introducing a Social Performance Standard. We seek assurances that all third parties, over whom we have responsibility or who are acting under our direction, conduct their business with us in a manner that is consistent with our Code of Conduct and the principles set out in our Ethical, Social and Regulatory Risk policy, our Social Performance Standard. External Affairs risk reviews also help to target specific areas of threat and ensure that we put appropriate controls in place. We take appropriate measures to understand the social risks and impacts of our business activities and take steps to mitigate these risks by engaging with, supporting and investing in the local communities affected by our operations.	See our Ethical, Social and Regulatory Risk Policy - available on our website: www.petrofac.com/governancedownloads
Major regulatory breach, including bribery and corruption We recognise the potential financial and reputational risk that could result from a breach of local or international laws, particularly in respect of behaviour relating to bribery and corruption.	Petrofac's business activities are conducted in many countries and are therefore subject to a broad range of legislation and regulations. The company has an anti-corruption compliance programme which seeks to manage corruption risk across the Group's business activities. The compliance programme includes components which recognise the requirements of the UK Bribery Act 2010 and which focus on training, monitoring, risk management and due diligence. Management takes a risk-based approach to due diligence and risk assessment and has increased the level of due diligence undertaken in respect of new contracts in pre-defined high-risk countries, including commissioning independent investigation where appropriate. We also regularly review external corruption ratings before entering a particular country or territory. We continue to emphasise our independently managed whistleblowing line ('Speak Up'), available to all employees as well as third parties, and are committed to the investigation of all suspected breaches to our Code of Conduct.	See page 57 of the Group's Annual report and accounts 2012 for details of our compliance and training programme in relation to anti-bribery and corruption. See our Bribery and Corruption Standard available on our website: www.petrofac.com/governancedownloads

Going concern

The financial position of the Company, its cash flows, liquidity position and borrowing facilities, and its business activities, together with the factors likely to affect its future development, performance and position are set out in this Business Review and in the Group's Annual report and accounts 2012 on pages 2 to 49. In addition, note 31 to the Group's Annual report and accounts 2012 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has access to considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Outlook

ECOM has made a good start to the year with order intake in the first half of US$4.9 billion, taking ECOM backlog to US$11.0 billion and greatly improving revenue visibility for next year and beyond. Our pipeline of bidding opportunities for the remainder of the year and into 2014 remains strong. We expect to grow Onshore Engineering & Construction backlog over the course of 2013, before taking into account the increase in our economic interest in Petrofac Emirates, which added a further US$1.8 billion to backlog at 30 June 2013. Net margins for Onshore Engineering & Construction are expected to be around 11% for 2013 and, given the quality of our portfolio and the strength of our bidding pipeline, we remain confident of maintaining sector-leading net margins going forward. We expect net margins in Offshore Projects & Operations to increase over time as we undertake more offshore capital projects.

IES has made a good start to the year with net profit, excluding the gain on the FPF1 in 1H 2012, up more than 50% compared with the corresponding period in 2012. We are now in the operations phase on five Production Enhancement Contracts, following the recent completion of transition activities on Pánuco and Arenque in Mexico. On the Magallanes, Santuario and Ticleni fields, where we have been in the operations phase for some time, we have made good progress in arresting the decline and/or increasing production levels and we expect production to continue to improve over the second half of 2013 and beyond. In Malaysia, we have successfully completed the first development phase of the Berantai Risk Service Contract and we recently achieved a significant milestone with the commencement of production from West Desaru on Block PM304. Overall, the existing IES portfolio is positioned to deliver a strong second half of the year and to build long-term sustainable earnings for the Group[1]. We continue to see strong demand for the provision of integrated services under innovative commercial models and we are currently progressing a number of new opportunities.

Overall, we expect to deliver modest growth in net profit this year and remain on track to achieve our 2015 earnings target[2].

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[1] See the IES data pack from June 2013: www.petrofac.com/IES_datapack_June_2013

[2] Our Group earnings target is net profit after tax of more than US$862 million in 2015, a doubling of 2010 recurring earnings.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013

	Notes	***Six months ended 30 June 2013 Unaudited US$m***	*Six months ended 30 June 2012 Unaudited US$m (Restated)*	*Year ended 31 December 2012 Audited US$m (Restated)*
Revenue	4	**2,794**	3,187	6,240
Cost of sales		**(2,292)**	(2,655)	(5,164)
Gross profit		**502**	532	1,076
Selling, general and administration expenses	5	**(217)**	(176)	(357)
Other income	6	**8**	46	65
Other expenses		**(8)**	(9)	(20)
Profit from operations before tax and finance (costs)/income		**285**	393	764
Finance costs		**(6)**	(2)	(5)
Finance income		**11**	3	12
Share of profits/(losses) of associates/joint ventures	14	**10**	19	(6)
Profit before tax		**300**	413	765
Income tax expense	7	**(58)**	(89)	(135)
Profit for the period		**242**	324	630
Attributable to:				
Petrofac Limited shareholders		**243**	326	632
Non-controlling interests		**(1)**	(2)	(2)
		242	324	630
Earnings per share (US cents)	8			
- Basic		**71.24**	95.55	185.55
- Diluted		**70.72**	94.82	183.88

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Notes	***Six months ended 30 June 2013 Unaudited US$m***	*Six months ended 30 June 2012 Unaudited US$m*	*Year ended 31 December 2012 Audited US$m*
Profit for the period		**242**	324	630
Other Comprehensive Income				
Foreign currency translation (losses)/gains	18	**(27)**	(3)	10
Net loss on cash flow hedges recycled in the period	18	**1**	12	20
Net changes in fair value of derivatives and financial assets designated as cash flow hedges	18	**(3)**	(11)	-
Other comprehensive income to be reclassified to consolidated income statement in subsequent periods		**(29)**	(2)	30
Total comprehensive income for the period		**213**	322	660
Attributable to:				
Petrofac Limited shareholders		**214**	324	662
Non-controlling interests		**(1)**	(2)	(2)
		213	322	660

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Notes	***30 June 2013 Unaudited US$m***	*30 June 2012 Unaudited US$m (Restated)*	*31 December 2012 Audited US$m (Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	10	**907**	664	897
Goodwill	12	**147**	120	125
Intangible assets	13	**358**	178	307
Investments in associates / joint ventures	14	**199**	226	210
Other financial assets	15	**530**	334	444
Deferred income tax assets		**48**	33	43
		2,189	1,555	2,026
Current assets				
Inventories		**38**	22	27
Work in progress		**742**	964	656
Trade and other receivables		**1,975**	1,297	1,846
Due from related parties	21	**29**	10	10
Other financial assets	15	**171**	20	85
Income tax receivable		**6**	9	12
Cash and short-term deposits	16	**538**	790	582
		3,499	3,112	3,218
TOTAL ASSETS		**5,688**	4,667	5,244
EQUITY AND LIABILITIES				
Equity attributable to Petrofac Limited shareholders				
Share capital		**7**	7	7
Share premium		**4**	4	4
Capital redemption reserve		**11**	11	11
Treasury shares	17	**(114)**	(105)	(100)
Other reserves	18	**9**	(3)	38
Retained earnings		**1,683**	1,355	1,589
		1,600	1,269	1,549
Non-controlling interests		**5**	1	1
TOTAL EQUITY		**1,605**	1,270	1,550
Non-current liabilities				
Interest-bearing loans and borrowings	19	**835**	2	292
Provisions		**106**	70	100
Other financial liabilities	15	**6**	13	8
Deferred income tax liabilities		**102**	97	143
		1,049	182	543
Current liabilities				
Trade and other payables		**1,927**	1,669	1,918
Due to related parties	21	**1**	58	34
Interest-bearing loans and borrowings	19	**73**	65	57
Other financial liabilities	15	**19**	22	17
Income tax payable		**138**	99	75
Billings in excess of cost and estimated earnings		**365**	274	307
Accrued contract expenses		**511**	1,028	743
		3,034	3,215	3,151
TOTAL LIABILITIES		**4,083**	3,397	3,694
TOTAL EQUITY AND LIABILITIES		**5,688**	4,667	5,244

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	Notes	***Six months ended 30 June 2013 Unaudited US$m***	*Six months ended 30 June 2012 Unaudited US$m (Restated)*	*Year ended 31 December 2012 Audited US$m (Restated)*
OPERATING ACTIVITIES				
Profit before tax		**300**	413	765
Non-cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation, amortisation, impairment and write off		**110**	43	130
Share-based payments	17	**7**	13	26
Difference between other long-term employment benefits paid and amounts recognised in the income statement		**4**	9	11
Net finance income		**(5)**	(1)	(7)
Gain arising from sale of a vessel under a finance lease	3	**(22)**	-	-
Gain on disposal of non-current asset held for sale	6	**-**	(27)	(27)
Gain on disposal of an investment in a joint venture		**-**	-	(6)
Fair value gain on initial recognition of investment in associate		**-**	(9)	(9)
Loss on fair value changes in Seven Energy warrants		**-**	4	6
Share of (profits)/losses of associates / joint ventures		**(10)**	(19)	6
Debt acquisition costs write off		**-**	-	3
Other non-cash items, net		**4**	4	7
Operating profit before working capital changes		**388**	430	905
Trade and other receivables		**160**	55	(487)
Work in progress		**(86)**	(384)	(44)
Due from related parties		**(18)**	89	77
Inventories		**(11)**	(12)	(16)
Other current financial assets		**42**	(1)	(68)
Trade and other payables		**(325)**	(49)	184
Billings in excess of cost and estimated earnings		**19**	(115)	(82)
Accrued contract expenses		**(233)**	(205)	(525)
Due to related parties		**(33)**	35	11
Other current financial liabilities		**-**	(1)	-
		(97)	(158)	(45)
Long-term receivable from customers		**(76)**	(204)	(300)
Other non-current items, net		**6**	3	(4)
Cash used in operations		**(167)**	(359)	(349)
Interest paid		**(5)**	-	(3)
Income taxes paid, net		**(37)**	(42)	(83)
Net cash flows used in operating activities		**(209)**	(401)	(435)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	10	**(201)**	(149)	(397)
Acquisition of subsidiaries, net of cash acquired		**62**	(15)	(20)
Payment of deferred consideration on acquisition		**-**	-	(1)
Purchase of other intangible assets		**(16)**	-	(7)
Purchase of intangible oil & gas assets		**(44)**	(54)	(165)
Investments in associates		**-**	-	(25)
Dividend received from a joint venture		**2**	-	2
Proceeds from disposal of property, plant and equipment		**-**	-	1
Proceeds from disposal of non-current asset held for sale		**-**	60	60
Proceeds from disposal of an investment in a joint venture		**-**	-	5
Interest received		**1**	3	5
Net cash flows used in investing activities		**(196)**	(155)	(542)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013 (continued)

	Notes	***Six months ended 30 June 2013 Unaudited US$m***	*Six months ended 30 June 2012 Unaudited US$m (Restated)*	*Year ended 31 December 2012 Audited US$m (Restated)*
FINANCING ACTIVITIES				
Interest-bearing loans and borrowings obtained, net of debt acquisition cost		**568**	-	291
Repayment of interest-bearing loans and borrowings		**(9)**	(11)	(50)
Treasury shares purchased	17	**(45)**	(76)	(76)
Equity dividends paid		**(148)**	(128)	(201)
Net cash flows from/(used in) financing activities		**366**	(215)	(36)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(39)**	(771)	(1,013)
Net foreign exchange difference		**(1)**	(11)	3
Cash and cash equivalents at 1 January		**525**	1,535	1,535
CASH AND CASH EQUIVALENTS AT PERIOD END	16	**485**	753	525

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013

	Attributable to Petrofac Limited Shareholders								
	Issued share capital US$m	*Share premium US$m*	*Capital redemption reserve US$m*	**Treasury shares US$m (note 17)*	*Other reserves US$m (note 18)*	*Retained Earnings US$m*	*Total US$m*	*Non-controlling interests US$m*	*Total equity US$m*
For the six months ended 30 June 2013									
Balance at 1 January 2013	7	4	11	(100)	38	1,589	1,549	1	1,550
Profit for the period	-	-	-	-	-	243	243	(1)	242
Other comprehensive income	-	-	-	-	(29)	-	(29)	-	(29)
Total comprehensive income	-	-	-	-	(29)	243	214	(1)	213
Treasury shares purchased (note 17)	-	-	-	(45)	-	-	(45)	-	(45)
Share-based payments charge (note 17)	-	-	-	-	7	-	7	-	7
Transfer to reserve for share-based payments (note 17)	-	-	-	-	22	-	22	-	22
Shares vested during the period (note 18)	-	-	-	31	(29)	(2)	-	-	-
Income tax on share-based payments reserve	-	-	-	-	-	-	-	-	-
Dividends (note 9)	-	-	-	-	-	(147)	(147)	-	(147)
Non-controlling interest arising on a business combination (note 11)	-	-	-	-	-	-	-	5	5
Balance at 30 June 2013 (unaudited)	**7**	**4**	**11**	**(114)**	**9**	**1,683**	**1,600**	**5**	**1,605**

*Shares held by Petrofac Employee Benefit Trust and Petrofac Joint Venture Companies Employee Benefit Trust

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013 (continued)

	Attributable to Petrofac Limited Shareholders								
For the six months ended 30 June 2012	*Issued share capital US$m*	*Share premium US$m*	*Capital redemption reserve US$m*	**Treasury shares US$m (note 17)*	*Other reserves US$m (note 18)*	*Retained Earnings US$m*	*Total US$m*	*Non-controlling interests US$m*	*Total Equity US$m*
Balance at 1 January 2012	7	2	11	(75)	6	1,161	1,112	3	1,115
Profit for the period	-	-	-	-	-	326	326	(2)	324
Other comprehensive income	-	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive income	-	-	-	-	(2)	326	324	(2)	322
Shares issued as payment of consideration on acquisition	-	2	-	-	-	-	2	-	2
Treasury shares purchased (note 17)	-	-	-	(76)	-	-	(76)	-	(76)
Share-based payments charge (note 17)	-	-	-	-	13	-	13	-	13
Transfer to reserve for share-based payments (note 17)	-	-	-	-	20	-	20	-	20
Shares vested during the period (note 18)	-	-	-	46	(41)	(5)	-	-	-
Income tax on share-based payments reserve	-	-	-	-	1	-	1	-	1
Dividends (note 9)	-	-	-	-	-	(127)	(127)	-	(127)
Balance at 30 June 2012 (unaudited)	**7**	**4**	**11**	**(105)**	**(3)**	**1,355**	**1,269**	**1**	**1,270**

* Shares held by Petrofac Employee Benefit Trust and Petrofac Joint Venture Companies Employee Benefit Trust

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013 (continued)

	Attributable to Petrofac Limited Shareholders								
For the year ended 31 December 2012	*Issued share capital US$m*	*Share premium US$m*	*Capital redemption reserve US$m*	**Treasury shares US$m (note 17)*	*Other reserves US$m (note 18)*	*Retained Earnings US$m*	*Total US$m*	*Non-controlling interests US$m*	*Total equity US$m*
Balance at 1 January 2012	7	2	11	(75)	6	1,161	1,112	3	1,115
Profit for the year	-	-	-	-	-	632	632	(2)	630
Other comprehensive income	-	-	-	-	30	-	30	-	30
Total comprehensive income	-	-	-	-	30	632	662	(2)	660
Shares issued as payment of deferred consideration on acquisition	-	2	-	-	-	-	2	-	2
Treasury shares purchased (note 17)	-	-	-	(76)	-	-	(76)	-	(76)
Share-based payments charge (note 17)	-	-	-	-	26	-	26	-	26
Transfer to reserve for share-based payments (note 17)	-	-	-	-	20	-	20	-	20
Shares vested during the year (note 18)	-	-	-	51	(45)	(6)	-	-	-
Income tax on share-based payments reserve	-	-	-	-	1	-	1	-	1
Dividends (note 9)	-	-	-	-	-	(198)	(198)	-	(198)
Balance at 31 December 2012 (audited)	**7**	**4**	**11**	**(100)**	**38**	**1,589**	**1,549**	**1**	**1,550**

* Shares held by Petrofac Employee Benefit Trust and Petrofac Joint Venture Companies Employee Benefit Trust

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2013

1 CORPORATE INFORMATION

Petrofac Limited is a limited liability company registered and domiciled in Jersey under the Companies (Jersey) Law 1991 and is the holding company for the international group of Petrofac subsidiaries (together "the Group"). The Group's principal activity is the provision of services to the oil & gas production and processing industry. The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 23 August 2013.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The presentation currency of the interim condensed consolidated financial statements is United States dollars (US$) and all values in the interim condensed consolidated financial statements are rounded to the nearest million (US$m) except where otherwise stated.

Statement of compliance

The interim condensed consolidated financial statements of Petrofac Limited and all its subsidiaries for the six months ended 30 June 2013 have been prepared in accordance with IAS 34 'Interim Financial Statements' and applicable requirements of Jersey law. They do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012. Certain comparative information has been restated in the current period presentation as outlined below.

Restatements

The following restatements were made in the 2012 comparatives:

- The financial performance of the Group for the period ended 30 June 2012 and for the year ended 31 December 2012 and the financial position of the Group as at 30 June 2012 and as at 31 December 2012 have been restated by replacing proportionate consolidation of joint ventures (Petrofac Emirates LLC, TTE Petrofac Limited, Professional Mechanical Repair Services Company, Spie Capag – Petrofac International Limited and China Petroleum Petrofac Engineering Services Cooperatif U.A.) with the equity method of accounting, as a result of the application of new IFRS 11 – Joint Arrangements and amended IAS 28 – Investment in associates and joint ventures (see note 14 for details).

Accounting policies

The accounting policies and methods of computation adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group has adopted new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2013.

The principal effects of the adoption of the relevant new and amended standards and interpretations are discussed below:

IAS 1 – Presentation of Items of Other Comprehensive Income (Amendment)
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be recycled to the consolidated income statement at a future point in time now have to be presented separately from items that will never be recycled. The amendment only affected the presentation and had no impact on the Group's financial position or performance.

IAS 34 – Interim financial reporting and segment information for total assets and liabilities (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker. The Group does not present this information to the chief operating decision maker. Accordingly, the Group has not made such disclosures.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

IFRS 10 – Consolidated Financial Statements and IAS 27 – Separate Financial Statements
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of the previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 has had no impact on the consolidation of investments held by the Group.

IFRS 11 – Joint Arrangements and IAS 28 – Investment in Associates and Joint Ventures
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint venture in Petrofac Emirates LLC, TTE Petrofac Limited, Professional Mechanical Repair Services Company, Spie Capag – Petrofac International Limited and China Petroleum Petrofac Engineering Services Cooperatif U.A. with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in note 14, which includes quantification of the effect on the financial statements.

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements. Accordingly, the Group has not made such disclosures.

IFRS 13 – Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures of fair values and these disclosures are shown in note 22.

3 SEGMENT INFORMATION

The following tables represent revenue and profit information relating to the Group's four reporting segments for the six months ended 30 June 2013 which comprises:

Onshore Engineering & Construction which provides engineering, procurement and construction project execution services to the onshore oil & gas industry.

Offshore Projects & Operations which provides offshore engineering, operations and maintenance on and offshore and engineering, procurement and construction project execution services to the offshore oil & gas industry.

Engineering & Consulting Services which provides technical engineering, consultancy, conceptual design, front end engineering and design (FEED) and project management consultancy (PMC) across all sectors including renewables and carbon capture.

Integrated Energy Services which co-invests with partners in oil & gas production, processing and transportation assets, provides production improvement services under value aligned commercial structures and oil & gas related technical competency training and consultancy services.

Management separately monitors the trading results of its four reporting segments for the purpose of making an assessment of their performance and making decisions about how resources are allocated to them. Each segment's performance is measured based on its profitability which is reflected in a manner consistent with the results shown below. However certain shareholder service related overheads, Group financing and consolidation adjustments are managed at corporate level and are not allocated to reporting segments.

	Onshore Engineering & Construction US$m	*Offshore Projects & Operations US$m*	*Engineering & Consulting Services US$m*	*Integrated Energy Services US$m*	*Corporate & others US$m*	*Consolidation adjustments & eliminations US$m*	*Total US$m*
Six months ended 30 June 2013 (unaudited)							
Revenue							
External sales	1,610	653	93	415	-	[1]23	2,794
Inter-segment sales	-	17	87	4	-	(108)	-
Total revenue	1,610	670	180	419	-	(85)	2,794
Segment results	189	20	4	50	-	[2]27	290
Unallocated corporate costs	-	-	-	-	(5)	-	(5)
Profit / (loss) before tax and finance income / (costs)	189	20	4	50	(5)	27	285
Share of profits of associates/joint ventures	1	-	2	7	-	-	10
Finance costs	-	(1)	-	(3)	(10)	8	(6)
Finance income	7	-	-	10	10	(16)	11
Profit / (loss) before income tax	197	19	6	64	(5)	19	300
Income tax (expense)	(26)	(7)	(1)	(21)	(3)	-	(58)
Non-controlling interests	-	-	1	-	-	-	1
Profit / (loss) for the period attributable to Petrofac Limited shareholders	171	12	6	43	(8)	19	243
Other segment information							
Depreciation, amortisation and write-offs	34	9	3	59	6	(1)	110
Other long-term employment benefits	8	1	-	-	-	-	9
Share-based payments	4	1	1	1	-	-	7

[1]Positive elimination of external sales shown above of US$23m represents a Group adjustment to the overall project percentage of completion on the Laggan Tormore project as OEC and OPO are reflecting in their segments progress on their own respective shares of the total project scope.

[2]Includes US$22m gain arising from the granting of a finance lease for the FPF5 vessel to the PM304 joint venture in which the Group has a 30% interest.

3 SEGMENT INFORMATION (continued)

Six months ended 30 June 2012 (unaudited)	*Onshore Engineering & Construction US$m (Restated)*	*Offshore Projects & Operations US$m (Restated)*	*Engineering & Consulting Services US$m (Restated)*	*Integrated Energy Services US$m (Restated)*	*Corporate & others US$m (Restated)*	*Consolidation adjustments & eliminations US$m (Restated)*	*Total US$m (Restated)*
Revenue							
External sales	2,317	546	41	314	-	[1](31)	3,187
Inter-segment sales	16	115	62	4	-	(197)	-
Total revenue	2,333	661	103	318	-	(228)	3,187
Segment results	278	42	4	92	-	[2](19)	397
Unallocated corporate costs	-	-	-	-	(4)	-	(4)
Profit / (loss) before tax and finance income / (costs)	278	42	4	92	(4)	(19)	393
Share of profits/(losses) of associates/joint ventures	21	-	-	(2)	-	-	19
Finance costs	-	-	-	(2)	(2)	2	(2)
Finance income	4	-	-	-	3	(4)	3
Profit / (loss) before income tax	303	42	4	88	(3)	(21)	413
Income tax (expense)	(52)	(11)	(1)	(24)	(1)	-	(89)
Non-controlling interests	-	-	2	-	-	-	2
Profit / (loss) for the period attributable to Petrofac Limited shareholders	251	31	5	64	(4)	(21)	326
Other segment information							
Depreciation, amortisation and write-offs	19	2	3	20	-	(1)	43
Other long-term employment benefits	9	-	-	-	-	-	9
Share-based payments	6	1	1	3	2	-	13

[1]Elimination of external sales shown above of US$31m represents a Group adjustment to the overall project percentage of completion on the Laggan Tormore project as OEC and OPO are reflecting in their segments progress on their own respective shares of the total project scope.

[2]Includes US$19m elimination on consolidation of profit made by OPO on the upgrade of the FPF5 vessel, the costs of which have been capitalised in the property, plant and equipment of IES.

3 SEGMENT INFORMATION (continued)

	Onshore Engineering & Construction US$m (Restated)	*Offshore Projects & Operations US$m (Restated)*	*Engineering & Consulting Services US$m (Restated)*	*Integrated Energy Services US$m (Restated)*	*Corporate & others US$m (Restated)*	*Consolidation adjustments & eliminations US$m (Restated)*	*Total US$m (Restated)*
Year ended 31 December 2012 (audited)							
Revenue							
External sales	4,262	1,237	97	693	-	[1](49)	6,240
Inter-segment sales	26	166	148	15	-	(355)	-
Total revenue	4,288	1,403	245	708	-	(404)	6,240
Segment results	540	80	30	138	6	[2](26)	768
Unallocated corporate costs	-	-	-	-	(4)	-	(4)
Profit / (loss) before tax and finance income / (costs)	540	80	30	138	2	(26)	764
Share of losses of associates / joint ventures	-	(1)	-	(5)	-	-	(6)
Finance costs	-	-	-	(4)	(6)	5	(5)
Finance income	8	-	1	7	9	(13)	12
Profit / (loss) before income tax	548	79	31	136	5	(34)	765
Income tax (expense) / benefit	(69)	(18)	(4)	(47)	8	(5)	(135)
Non-controlling interests	-	-	2	-	-	-	2
Profit / (loss) for the year attributable to Petrofac Limited shareholders	479	61	29	89	13	(39)	632
Other segment information							
Depreciation and amortisation	40	16	6	63	7	(2)	130
Other long-term employment benefits	16	1	-	1	-	1	19
Share-based payments	13	3	1	5	4	-	26

[1]Elimination of external sales shown above of US$49m represents a Group adjustment to the overall project percentage of completion on the Laggan Tormore project as OEC and OPO are reflecting in their segments progress on their own respective shares of the total project scope.

[2]Includes US$31m elimination on consolidation of profit made by OPO on the upgrade of the FPF5 vessel, the costs of which have been capitalised in the property, plant and equipment of IES.

4 REVENUES

	Six months ended 30 June 2013 Unaudited US$m	*Six months ended 30 June 2012 Unaudited US$m (Restated)*	*Year ended 31 December 2012 Audited US$m (Restated)*
Rendering of services	**2,728**	3,127	6,121
Sale of crude oil & gas	**66**	55	111
Sale of processed hydrocarbons	**-**	5	8
	2,794	3,187	6,240

Included in revenues from rendering of services are Offshore Projects & Operations, Engineering & Consulting Services, and Integrated Energy Services revenues of a "pass-through" nature with zero or low margins amounting to US$258m (six months ended 30 June 2012: US$121m; year ended 31 December 2012: US$220m).

5 SELLING, GENERAL AND ADMINISTRATION COSTS

The US$41m increase in selling, general and administration costs compared with the equivalent prior year period is principally due to an increase in new project proposal costs of US$11m and increase in staff costs of US$12m relating to new acquisitions during the period.

6 OTHER INCOME

Other income included in comparative periods includes a gain of US$36m which comprises a US$27m gain on disposal of 75.2% of Petrofac's interest in Petrofac FPF1 Limited to Ithaca Energy Inc and a US$9m increase in the fair value of the remaining 24.8% interest held which is classified as an associate.

7 INCOME TAX

Income tax expense is recognised based on management's best estimate of the income tax rate applicable to the pre-tax income of the interim period.

The major components of the income tax expense are as follows:

	Six months ended 30 June 2013 Unaudited US$m	*Six months ended 30 June 2012 Unaudited US$m*	*Year ended 31 December 2012 Audited US$m*
Current income tax			
Current income tax charge	**109**	55	97
Adjustments in respect of current income tax of previous periods	**-**	(1)	(29)
Deferred income tax			
Relating to origination and reversal of temporary differences	**(50)**	35	73
Recognition of tax losses relating to prior periods	**(1)**	-	(6)
	58	89	135

The Group's effective tax rate for the six months is 19.1% (six months ended 30 June 2012: 21.5%; year ended 31 December 2012: 17.7%).

The Group's effective tax rate is dependent upon a numbers of factors including the timing of profit recognition between the first and second halves of the year on contracts held as well as mix of jurisdiction in which new contracts are won within the Onshore Engineering & Construction and the Integrated Energy Services segments.

If the consequences of the timing issues noted above are accounted for, the Group's effective tax rate for year end 2013 is expected to be broadly in line with last year's effective tax rate.

In March 2013, the UK Government announced its intention to accelerate the reduction in the UK corporation tax rate. The tax rate of 23% is from 1 April 2013, 21% from 1 April 2014 and 20% from 1 April 2015. At 30 June 2013 the 23% tax rate change was substantively enacted and the deferred tax assets and liabilities are based on the new rate. The deferred tax assets and liabilities would have reduced by approximately US$3,254,000 and US$116,000 respectively had the further reductions in the corporation tax rates referred to above been substantively enacted as of the said date.

8 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders, after adjusting for any dilutive effect, by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of ordinary shares granted under the employee share award schemes which are held in trust.

The following reflects the income and share data used in calculating basic and diluted earnings per share:

	Six months ended 30 June 2013 Unaudited US$m	*Six months ended 30 June 2012 Unaudited US$m*	*Year ended 31 December 2012 Audited US$m*
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	**243**	326	632
	30 June 2013 Unaudited Number'm	*30 June 2012 Unaudited Number'm*	*31 December 2012 Audited Number'm*
Weighted average number of ordinary shares for basic earnings per share	**341**	340	340
Effect of diluted potential ordinary shares granted under share-based payment schemes	**3**	3	3
Adjusted weighted average number of ordinary shares for diluted earnings per share	**344**	343	343

9 DIVIDENDS PAID AND PROPOSED

	Six months ended 30 June 2013 Unaudited US$m	*Six months ended 30 June 2012 Unaudited US$m*	*Year ended 31 December 2012 Audited US$m*
Declared and paid during the period			
Equity dividends on ordinary shares:			
Final dividend for 2011: 37.20 cents per share	**-**	127	127
Interim dividend 2012: 21.00 cents per share	**-**	-	71
Final dividend for 2012: 43.00 cents per share	**147**	-	-
	147	127	198

The Company proposes an interim dividend of 22.00 cents per share which was approved by the Board on 23 August 2013 for payment on 18 October 2013.

10 PROPERTY, PLANT AND EQUIPMENT

The increase in property, plant and equipment during the period mainly comprises the expenditure of US$141m in respect of oil & gas assets on the Ticleni Romania and the Magallanes/Santuario/Panuco Mexico Production Enhancement Contracts and additions to temporary facilities and office furniture and equipment on OEC projects of US$27m. This increase is partly offset by depreciation charged during the period of US$103m and sale under a finance lease of a floating platform to a customer with a net book value of US$110m.

11 BUSINESS COMBINATION

Petrofac Emirates LLC (PE)

The financial position and performance of PE have been consolidated into the group financial statements from 1 January 2013, the effective date of the acquisition of an additional 25% economic interest by the Group, following the disposal of the 50% economic interest in the entity previously held by Mubadala Petroleum (Mubadala). Nama Development Enterprises has acquired the remaining 25% economic interest. Mubadala ceded control of PE to the Group with effect from 1 January 2013, including the exercise of their voting rights to enable the Group to exercise control over PE. The consideration payable by Petrofac in relation to the acquisition is US$35m, which is included within trade and other payables. This amount will be paid once conditions precedent to legal completion of the transaction have been satisfied.

The fair values of the identifiable assets and liabilities of PE on 1 January 2013 are analysed below:

	Recognised on acquisition US$m	*Carrying value US$m*
Property, plant and equipment	15	15
Trade and other receivables	258	258
Cash and short term deposits	58	58
	331	331
Less:		
Trade and other payables	269	269
Billings in excess of cost and estimated earnings	39	39
Accrued contract expenses	1	1
	309	309
Fair value of net assets acquired	22	
Non-controlling interest arising on acquisition	(5)	
Acquisition date fair value of initial 50% interest (note 14)	(11)	
Goodwill arising on acquisition	29	
Consideration for 25% interest acquired on 1 January 2013	35	

Cash inflow on acquisition:	*US$m*
Cash acquired with subsidiary	58
Net cash inflow on the acquisition of subsidiary	58

The residual goodwill above comprises the fair value of expected future synergies and business opportunities arising from the integration of the business into the group.

RNZ Integrated Sdn Bhd (RNZ)

During 2011, the Group entered into a collaboration agreement with the owners of RNZ, whereby, it was agreed that when certain conditions had been fulfilled, three out of five members of the management committee of RNZ would be Petrofac representatives and the actions of the management committee would be decided by a simple majority. The conditions were fulfilled and the membership changes of the management committee took place on 1 April 2013, being the date from which the Group has the power to control the relevant activities of RNZ. RNZ has been consolidated 100% in the Group results since 1 April 2013.

If the above combination had taken place at the beginning of the year, net profit of RNZ would have been US$535,000 and revenue would have been US$20m.

12 GOODWILL

The increase in the goodwill balance in the current period is largely attributable to goodwill of US$29m recognised on the acquisition of an additional 25% interest in Petrofac Emirates LLC. The previously held interest in Petrofac Emirates LLC was classified as an investment in a joint venture (note 14). This increase is partly offset by a negative foreign exchange movement of US$7m.

13 INTANGIBLE ASSETS

The increase in intangible assets during the period comprises largely of US$37m of capitalised expenditure on the Group's assets in Malaysia and well development costs of US$15m in respect of Production Enhancement Contracts in Mexico.

14 INVESTMENTS IN ASSOCIATES / JOINT VENTURES

The movement in investments in associates and investments in joint ventures during the period is as follows:

	Associates US$m	*Joint ventures US$m*	*Total US$m*
As at 1 January 2013 (restated)	189	21	210
Share of profits in associates / joint ventures	5	5	10
Transferred to investment in subsidiary	-	(11)	(11)
Dividends received/receivable	-	(10)	(10)
	194	**5**	**199**

Interest in a joint venture (transition to IFRS 11)

Under IAS 31 Investment in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in Petrofac Emirates LLC, TTE Petrofac Limited, Professional Mechanical Repair Services Company, Spie Capag – Petrofac International Limited and China Petroleum Petrofac Engineering Services Cooperatif U.A. were classified as jointly controlled entities and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest in these entities to be joint ventures and they are required to be accounted for using the equity method. The effect of applying IFRS 11 is as follows:

Impact on the consolidated income statement

	Six months ended 30 June 2012 Unaudited US$m	*Year ended 31 December 2012 Audited US$m*
Decrease in the reported revenue	(55)	(84)
Decrease in the cost of sales	33	80
Decrease in gross profit	**(22)**	**(4)**
Decrease in selling, general and administration expenses	-	2
Decrease in operating profit	**(22)**	**(2)**
Increase in share of profits of joint ventures	22	2
Net impact on profit after tax	**-**	**-**

14 INVESTMENTS IN ASSOCIATES / JOINT VENTURES (continued)

Impact on the consolidated statement of financial position

	30 June 2012 Unaudited US$m	*31 December 2012 Audited US$m*
Increase in net investment in joint venture (non-current)	43	21
Decrease in non-current assets	(9)	(8)
Decrease in current assets	(156)	(101)
Decrease in current liabilities	122	88
Net impact on equity	**-**	**-**

Impact on the consolidated statement of cash flows

	Six months ended 30 June 2012 Unaudited US$m	*Year ended 31 December 2012 Audited US$m*
Decrease in net cash flows from operating activities	(52)	(34)
Increase in net cash flows used in investing activities	-	2
Net decrease in cash and cash equivalents	**(52)**	**(32)**

15 OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILIITES

	30 June 2013 Unaudited US$m	*30 June 2012 Unaudited US$m*	*31 December 2012 Audited US$m*
OTHER FINANCIAL ASSETS			
Non-Current			
Long-term receivables from customers	**402**	334	437
Receivable from a joint venture partner	**128**	-	-
Restricted cash	-	-	7
	530	334	444
Current			
Short-term component of receivable from a customer	**150**	-	67
Seven Energy warrants	**12**	13	12
Restricted cash	**7**	4	4
Fair value of derivative instruments	**2**	3	2
	171	20	85
OTHER FINANCIAL LIABILITIES			
Non-Current			
Finance lease creditors	**4**	9	6
Contingent consideration payable	**1**	4	1
Fair value of derivative instruments	**1**	-	1
	6	13	8
Current			
Contingent consideration payable	**7**	9	7
Fair value of derivative instruments	**6**	5	3
Finance lease creditors	**5**	6	7
Other	**1**	2	-
	19	22	17

Receivable from a joint venture partner represents amount receivable from a joint venture partner relating to the lease of a floating platform to a customer.

16 CASH AND CASH EQUIVALENTS

For the purposes of the interim condensed consolidated cash flow statement, cash and cash equivalents comprise:

	30 June 2013 Unaudited US$m	*30 June 2012 Unaudited US$m (Restated)*	*31 December 2012 Audited US$m (Restated)*
Cash at bank and in hand	**438**	390	366
Short-term deposits	**100**	400	216
Cash and short-term deposits	**538**	790	582
Bank overdrafts	**(53)**	(37)	(57)
	485	753	525

17 TREASURY SHARES AND SHARE-BASED PAYMENTS

During the period, the Company acquired 2,300,000 (30 June 2012: 3,000,000; 31 December 2012: 3,000,000) of its own shares at a cost of US$45m (30 June 2012: US$76m; 31 December 2012: US$76m) for the purpose of making awards under the Group's employee share schemes and these shares have been classified in the balance sheet as treasury shares within equity. In addition, during the period 1,914,049 shares (including 145,463 accrued dividend and 8% EnQuest uplift shares) with a cost of US$31m were transferred out of the Employee Benefit Trust on vesting of various employee share scheme awards.

The Group has recognised an expense in the income statement for the period to 30 June 2013 relating to employee share-based incentives of US$7m (six months ended 30 June 2012: US$13m; year ended 31 December 2012: US$26m) which has been transferred to the reserve for share-based payments. This charge covers shares granted in relation to the existing Deferred Bonus, Performance and Restricted Share Plans and the Value Creation Plan. In addition US$22m of the remaining bonus liability accrued for the year ended 31 December 2012 (30 June 2012: US$20m; 31 December 2012: US$20m) which has been voluntarily elected or mandatorily obliged to be settled in shares granted during the period has been transferred to the reserve for share based payments. The reduction in the expense for the period compared with the equivalent period in the prior year is due to a significant decrease in the expected future vesting rates of the Performance Share Plans (PSP) and the Value Creation Plan (VCP).

18 OTHER RESERVES

	Net unrealised (losses)/ gains on derivatives US$m	*Foreign currency translation US$m*	*Reserve for share-based payments US$m*	*Total US$m*
Balance at 1 January 2013	-	(25)	63	38
Foreign currency translation	-	(27)	-	(27)
Net losses on maturity of cash flow hedges recycled in the period	1	-	-	1
Net changes in fair value of derivatives and financial assets designated as cash flow hedges	(3)	-	-	(3)
Share-based payments charge (note 17)	-	-	7	7
Transfer during the year (note 17)	-	-	22	22
Shares vested during the year	-	-	(29)	(29)
Balance at 30 June 2013 (unaudited)	(2)	(52)	63	9
Balance at 1 January 2012	(20)	(35)	61	6
Foreign currency translation	-	(3)	-	(3)
Net losses on maturity of cash flow hedges recycled in the period	12	-	-	12
Net changes in fair value of derivatives and financial assets designated as cash flow hedges	(11)	-	-	(11)
Share-based payments charge (note 17)	-	-	13	13
Transfer during the year (note 17)	-	-	20	20
Shares vested during the year	-	-	(41)	(41)
Deferred tax on share based payments reserve	-	-	1	1
Balance at 30 June 2012 (unaudited)	(19)	(38)	54	(3)
Balance at 1 January 2012	(20)	(35)	61	6
Foreign currency translation	-	10	-	10
Net losses on maturity of cash flow hedges recycled in the year	20	-	-	20
Share-based payments charge (note 17)	-	-	26	26
Transfer during the year (note 17)	-	-	20	20
Shares vested during the year	-	-	(45)	(45)
Deferred tax on share based payments reserve	-	-	1	1
Balance at 31 December 2012 (audited)	-	(25)	63	38

19 INTEREST-BEARING LOANS AND BORROWINGS

The Group had the following interest-bearing loans and borrowings outstanding:

		30 June 2013 Actual interest rate %	30 June 2012 Actual interest rate %	31 December 2012 Actual interest rate %	Effective interest rate %	Maturity	***30 June 2013 Unaudited US$m***	*30 June 2012 Unaudited US$m*	*31 December 2012 Audited US$m*
Current									
Bank overdrafts	(i)	US/UK LIBOR + 1.50%	US/UK LIBOR + 1.50%	US/UK LIBOR + 1.50%	US/UK LIBOR + 1.50%	on demand	**53**	37	57
Other loans:									
Current portion of project financing	(iii)	US LIBOR + 2.70%	-	-	US LIBOR + 2.70%		**20**	-	-
Current portion of term loan	(iv)	-	US/UK LIBOR + 0.875%	-	n/a	n/a	**-**	19	-
Current portion of term loan	(iv)	-	US/UK LIBOR + 0.875%	-	n/a	n/a	**-**	9	-
							73	65	57
Non-current									
Revolving credit facility	(ii)	US LIBOR + 1.50%	-	US LIBOR + 1.50%	US LIBOR + 1.50%	5 years	**720**	-	303
Project Financing	(iii)	US LIBOR + 2.70%	-	-	US LIBOR + 2.70%	7 years	**128**	-	-
Term loan	(iv)	-	US/UK LIBOR + 0.875%	-	n/a	n/a	**-**	2	-
Term loan	(iv)	-	US/UK LIBOR + 0.875%	-	n/a	n/a	**-**	3	-
							848	5	303
Less:									
Debt acquisition costs net of accumulated amortisation and effective interest rate adjustments							**(13)**	(3)	(11)
							835	2	292

Details of the Group's interest-bearing loans and borrowings are as follows:

(i) Bank overdrafts
Bank overdrafts are drawn down in US dollars and sterling denominations to meet the Group's working capital requirements. These are repayable on demand.

(ii) Revolving Credit Facility
On 11 September 2012, Petrofac entered into a US$1,200m 5 year committed revolving credit facility with a syndicate of 13 international banks, which is available for general corporate purposes. The facility, which matures on 11 September 2017, is unsecured and is subject to two financial covenants relating to leverage and interest cover. During the period a net amount of US$417m (30 June 2012: US$nil; 31 December 2012: US$303m) was drawn under this facility. Interest is payable on the current drawn balance of the facility at LIBOR + 1.50% and in addition utilisation fees are payable depending on the level of utilisation.

(iii) Project Financing
In May 2013, Berantai Floating Production Limited entered into a US$300m (Group's 51% share US$153m) senior secured term loan facility with a syndicate of 4 banks to refinance the cost of obtaining and developing the Berantai FPSO. The loan, which was advanced in full in May 2013, will be amortised on a quarterly basis and has a final maturity date of October 2019. The facility contains a Debt Service Coverage Ratio financial covenant of not less than 1.15:1. Interest on the loan is calculated at LIBOR plus a margin of 2.70%. Underlying LIBOR has been hedged at 1.675% for the duration of the loan. In addition the borrower paid arrangement, co-ordinating, facility agent and security arrangement fees, the sum of which have been capitalised and are being amortised over the term of the loan.

(iv) Term loans
The loans were repaid in full during the second half of 2012.

20 CAPITAL COMMITMENTS

At 30 June 2013 the Group had capital commitments of US$570m (30 June 2012: US$612m; 31 December 2012: US$493m).

Included in the US$570m of commitments are:

	30 June 2013 Unaudited US$m	*30 June 2012 Unaudited US$m*	*31 December 2012 Audited US$m*
Further appraisal and development of wells on Group's assets in Malaysia	**425**	282	287
Costs in respect of Ithaca Greater Stella Field development in the North Sea	**78**	82	50
Production Enhancement Contracts in Mexico	**63**	185	146

21 RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties:

		Sales to related parties US$m	*Purchases from related parties US$m*	*Amounts owed by related parties US$m (Restated)*	*Amounts owed to related parties US$m (Restated)*
Joint ventures	**Six months ended 30 June 2013 (unaudited)**	**6**	**-**	**29**	**1**
	Six months ended 30 June 2012 (unaudited)	85	87	4	58
	Year ended 31 December 2012 (audited)	170	135	5	34
Associates	**Six months ended 30 June 2013 (unaudited)**	**-**	**-**	**-**	**-**
	Six months ended 30 June 2012 (unaudited)	1	-	6	-
	Year ended 31 December 2012 (audited)	3	-	5	-
Key management personnel interests	**Six months ended 30 June 2013 (unaudited)**	**-**	**-**	**-**	**-**
	Six months ended 30 June 2012 (unaudited)	-	1	-	-
	Year ended 31 December 2012 (audited)	-	2	-	-

All sales to and purchases from joint ventures are made at normal market prices and the pricing policies and terms of these transactions are approved by the Group's management.

All related party balances at 30 June 2013 will be settled in cash.

Purchases in respect of key management personnel interests of US$259,000 (six months ended 30 June 2012: US$639,000; year ended 31 December 2012: US$1,521,000) reflect the costs of chartering the services of an aeroplane used for the transport of senior management and Directors of the Group on company business, which is owned by an offshore trust of which the Group Chief Executive of the Company is a beneficiary. The charter rates charged for Group usage of the aeroplane are significantly less than comparable market rates and the usage of the aeroplane is reviewed on a regular basis by the Group's Audit Committee.

Also included in purchases in respect of key management personnel interests is US$45,000 (six months ended 30 June 2012: US$31,000; year ended 31 December 2012: US$189,000) relating to client entertainment provided by a business owned by a member of the Group's key management.

In addition to the amounts due from associates shown above there is a balance of US$12m included in investments in associates (note 14).

21 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

	Six months ended 30 June 2013 Unaudited US$m	*Six months ended 30 June 2012 Unaudited US$m*	*Year ended 31 December 2012 Audited US$m*
Short-term employee benefits	**5**	5	21
Share-based payments	**(1)**	5	8
Fees paid to non-executive Directors	**1**	-	1
	5	10	30

The reduction in the share-based payments expense for the period compared with the equivalent period in the prior year is due to a significant decrease in the expected future vesting rates of the Performance Share Plans (PSP) and the Value Creation Plan (VCP).

22 FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2013:

	Carrying amount Unaudited US$m	***Fair value Unaudited US$m***
Financial assets		
Cash and short-term deposits	**538**	**538**
Seven Energy warrants	**12**	**12**
Restricted cash	**7**	**7**
Oil derivative	**2**	**2**
Financial liabilities		
Interest-bearing loans and borrowings	**908**	**921**
Contingent consideration	**8**	**8**
Forward currency contracts – designated as cash flow hedge	**5**	**5**
Forward currency contracts – undesignated	**2**	**2**

Fair values of financial assets and liabilities

Market values have been used to determine the fair values of available-for-sale financial assets, forward currency contracts and oil derivatives. The fair value of warrants over equity instruments in Seven Energy has been calculated using a Black Scholes option valuation model (note 15). The fair values of long-term interest-bearing loans and borrowings are equivalent to their amortised costs determined as the present value of discounted future cash flows using the effective interest rate. The Company considers that the carrying amounts of trade and other receivables, work-in-progress, trade and other payables, other current and non-current financial assets and liabilities approximate their fair values and are therefore excluded from the above table.

22 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following financial instruments are measured at fair value using the hierarchy below for determination and disclosure of their respective fair values:

Tier 1: Unadjusted quoted prices in active markets for identical financial assets or liabilities
Tier 2: Other valuation techniques where the inputs are based on all observation data (directly or indirectly)
Tier 3: Other valuation techniques where the inputs are based on unobservable market data

As at 30 June 2013, the Group held the following classes of financial instruments measured at fair value:

	Tier 2 Unaudited US$m	*Tier 3 Unaudited US$m*
Financial assets		
Seven Energy warrants	**-**	**12**
Oil derivative	**2**	**-**
Financial liabilities		
Forward currency contracts – designated as cash flow hedge	**5**	**-**
Forward currency contracts – undesignated	**2**	**-**

Valuation techniques

Foreign currency forward contracts

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, the condensed set of financial statements on pages 17 to 40 has been prepared in accordance with IAS 34 'Interim Financial Reporting', and that the interim management report on pages 1 to 16 includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors of Petrofac Limited are listed in the *Petrofac Annual Report and Accounts 2012*.

By the order of the Board

Tim Weller
Chief Financial Officer
23 August 2013

INDEPENDENT REVIEW REPORT TO PETROFAC LIMITED

Introduction

We have been engaged by Petrofac Limited ('the Company') to review the interim condensed consolidated financial statements in the interim report for the six months ended 30 June 2013 which comprises the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, the interim condensed consolidated cash flow statement, the interim condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim condensed consolidated financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRS. The interim condensed consolidated financial statements included in this interim report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our Responsibility

Our responsibility is to express to the Company a conclusion on the interim condensed consolidated financial statements in the interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 International Standards on Auditing (UK and Ireland) 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 interim condensed consolidated financial statements in the interim report for the six months ended 30 June 2013 are not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
23 August 2013

Petrofac shares are traded on the London Stock Exchange using code 'PFC.L'.

Registrar

Capita Registrars (Jersey) Limited
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St Helier
Jersey JE23RT

Company Secretary and registered office

Ogier Corporate Services (Jersey) Limited
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Jersey JE4 9WG

UK Transfer Agent

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The Registry
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Corporate Brokers

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Auditors

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London SE1 2AF

Corporate and Financial PR

Tulchan Communications Group
85 Fleet Street
London EC4Y 1AE

Financial calendar

20 September 2013	Interim dividend record date
18 October 2013	Interim dividend payment
31 December 2013	2013 financial year end
26 February 2014	2013 full year results announcement

Dates correct at time of print, but subject to change.

The Group's investor relations website can be found through www.petrofac.com.