Petrofac

Delivering value[s]

Interim report 2008

[Our values are the foundation of our success. They are central to the way we operate and underpin our rapid growth.]

By delivering on those values, we will continue to provide value to our stakeholders.

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Group financial highlights
For the six months ended 30 June 2008

Revenue
Six months ended
30 June 2007:
US$1,057m

US$1,576m

Backlog[1]
As at
31 December 2007:
US$4,441m

US$4,764m

EBITDA[2]
Six months ended
30 June 2007:
US$137.3m

US$179.2m

Earnings per share (diluted)
Six months ended
30 June 2007:
22.4 cents

35.1 cents

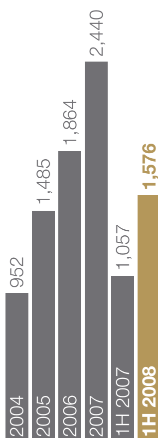
Net profit[3]
Six months ended
30 June 2007:
US$77.2m

US$121.2m

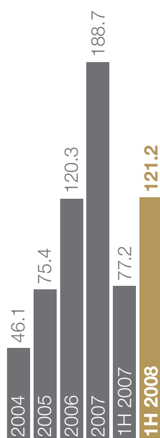
Interim dividend per share
Six months ended
30 June 2007:
4.90 cents

7.50 cents

Revenue
US$ millions



Net profit
US$ millions



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 services and facilities management contracts, the estimated revenue attributable to the lesser of the remaining term of the contract and, in the case of life-of-field facilities management contracts, five years. The group uses this key performance indicator as a measure of the visibility of future earnings. Backlog is not an audited measure. Other companies in the oil & gas industry may calculate this measure differently.
2 EBITDA means earnings before interest, tax, depreciation, amortisation and impairment and is calculated as profit before tax and net finance income adjusted to add back charges for depreciation, amortisation and impairment charges (as per note 3 to the interim condensed consolidated financial statements).
3 Profit for the period attributable to Petrofac Limited shareholders.

Business review

Results

We are pleased to report that the group performed well during the first half of 2008, with strong growth in revenue and net profit, the award of new contracts and extensions to existing contracts and significant progress made in developing the group's oil & gas investments.

In the six months ended 30 June 2008, revenue increased by 49.1% to US$1,576.2 million (2007: US$1,057.1 million) and net profit increased by 57.0% to US$121.2 million (2007: US$77.2 million). EBITDA increased by 30.6% to US$179.2 million (2007: US$137.3 million).

The tax charge for the six months ended 30 June 2008 of US$39.6 million (2007: US$40.0 million), based on the anticipated divisional effective tax rates for the year ending 31 December 2008, represents an effective tax rate for the period of 24.6% (2007: 34.1%). The principal reason for the decrease in the group's effective tax rate is the reduction in the expected tax rate for the Engineering & Construction division (to 17.9%; compared to 27.0% in the corresponding period in 2007) due to a higher proportion of the division's profits being earned in lower tax jurisdictions.

Net interest receivable for the period increased marginally to US$3.1 million (2007: US$2.8 million) due principally to higher average cash balances.

Net cash (US$ millions)	30 June 2008	30 June 2007	31 December 2007
Interest-bearing loans and borrowings (A)	**104.5**	127.2	110.1
Cash and short-term deposits (B)	**565.2**	518.3	581.6
Net cash (C = B – A)	**460.7**	391.1	471.5

The net cash generated from operations during the period was US$168.4 million (2007: US$146.1 million), representing 94.0% of EBITDA (2007: 106.4%). The group's net cash decreased marginally to US$460.7 million over the six months to 30 June 2008 (31 December 2007: US$471.5 million) as a result of operating profits generated, less cash outflows in relation to: investing activities, including the completion of the group's new purpose-built office in Sharjah, UAE, and development expenditure in relation to the Energy Developments division's Don area assets and the Chergui gas concession; financing activities, in particular, payment of the 2007 final dividend and the purchase of Company shares for the purpose of making employee share scheme awards; substantial net taxes paid; and, a marginal increase in working capital utilisation. Interest-bearing loans and borrowings at 30 June 2008 were marginally lower at US$104.5 million (31 December 2007: US$110.1 million).

Diluted earnings per share for the six months ended 30 June 2008 increased by 57.1% to 35.13 cents per share (2007: 22.36 cents per share) reflecting the group's improved profitability.

During the first six months of 2008, order intake across the group was US$1.7 billion (2007: US$0.6 billion). At 30 June 2008, the group's combined backlog for the Engineering & Construction and Operations Services divisions was US$4.8 billion (31 December 2007: US$4.4 billion).

The group has approximately 10,100 employees, compared to around 9,600 at 31 December 2007. The Engineering & Construction division has grown to approximately 4,100 employees (December 2007: 3,800), with an additional 150 people recruited in India during the period, particularly in the Chennai office, which opened in April 2007 and which now has more than 300 employees. The Operations Services division has grown to approximately 5,600 employees (December 2007: 5,500).

Dividend

The Board has declared an interim dividend of 7.50 cents per share (2007: 4.90 cents), an increase of 53.1%, which will be paid on 24 October 2008 to eligible shareholders on the register at 26 September 2008. Shareholders who have not elected to receive dividends in US dollars will receive a Sterling equivalent of 4.09 pence per share. The Board will set the total dividends payable for the year in the light of full year earnings to 31 December 2008 and expects to distribute approximately 30% of full year post tax profits by way of dividend.

Segmental review

We present below an update on each of the group's three operating divisions:

US$ millions	Revenue		Operating profit[1]		Net profit[2]		EBITDA	
For the six months ended 30 June	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Engineering & Construction	**1,036.4**	569.6	**112.8**	67.6	**99.2**	54.7	**120.3**	74.9
Operations Services	**470.0**	427.7	**18.0**	16.8	**12.1**	11.0	**21.0**	19.7
Energy Developments	**77.7**	68.9	**29.6**	31.8	**16.3**	15.8	**40.8**	44.6
Corporate consolidation & elimination	**(7.9)**	(9.1)	**(2.7)**	(1.7)	**(6.4)**	(4.3)	**(2.9)**	(1.9)
Total	**1,576.2**	1,057.1	**157.7**	114.5	**121.2**	77.2	**179.2**	137.3

Growth/margin analysis %	Revenue growth		Operating margin		Net margin		EBITDA margin	
For the six months ended 30 June	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Engineering & Construction	**81.9**	(1.6)	**10.9**	11.9	**9.6**	9.6	**11.6**	13.1
Operations Services	**9.9**	31.5	**3.8**	3.9	**2.6**	2.6	**4.5**	4.6
Energy Developments	**12.8**	198.1	**38.0**	46.2	**21.0**	22.9	**52.5**	64.7
Group	**49.1**	14.0	**10.0**	10.8	**7.7**	7.3	**11.4**	13.0

1 Profit from operations before tax and finance costs.
2 Attributable to Petrofac Limited shareholders.

Engineering & Construction

The Engineering & Construction division delivered good operational performance and strong growth during the period and was successful in securing over US$1 billion of new contract awards.

The division made good progress on its current portfolio of contracts, including mobilisation activities and early engineering work on the In Salah gas compression project in Algeria and the two gas plant projects in Syria, which were awarded during the period. The first of these projects, awarded in March 2008, is a US$454 million lump-sum EPC contract to build the Jihar gas treatment plant for the Hayan Petroleum Company (a joint venture between the state-owned Syrian Petroleum Company and INA Industrija Nafte d.d.-Naftaplin of Croatia) and is scheduled to be delivered in the first quarter of 2011; the second project, awarded in April 2008, is a US$556 million (including variation orders received during the period) lump-sum EPC contract to build the Ebla gas treatment plant for Petro-Canada and is expected to be delivered before the end of 2010. The Energy Developments division is evaluating taking a 10% equity interest in this development. During the period, the division secured US$115 million of follow-on work with AGIP KCO on the Kashagan development in Kazakhstan.

During the period, the division entered into an agreement to establish a joint venture company in Indonesia with IKPT, an Indonesian engineering and construction company with experience in executing liquefied natural gas (LNG) projects. The joint venture will provide project management, engineering, procurement and construction management services for oil, gas and petrochemical projects outside Indonesia. The joint venture's first major bid was for a contract to build the Gassi Touil LNG plant in Algeria. While the Petrofac/IKPT joint venture was initially confirmed as the lowest bidder, it was ultimately unsuccessful in securing the project.

In early August 2008, the division announced that it had entered an agreement with Khalda Petroleum Company (a joint venture between Apache Corporation and the state-owned Egyptian General Petroleum Corporation) to provide engineering and procurement services for an additional gas train (train 5) at the Salam gas plant, which should convert to a lump-sum EPC contract during the second half of the year. The division is currently building trains 3 and 4 under a lump-sum EPC contract.

The division's bidding pipeline remains healthy, with the division currently bidding on several major projects in its core markets, with a combined value in excess of US$10 billion.

Engineering & Construction's revenue increased by 81.9% to US$1,036.4 million (2007: US$569.6 million) compared to the corresponding period in 2007, reflecting the growth in the scale of the business. Net profit increased by 81.3% to

Business review
continued

US$99.2 million (2007: US$54.7 million), representing a net margin of 9.6% (2007: 9.6%). When bidding contracts of equivalent risk which are located in countries with different tax regimes the Engineering & Construction division targets a broadly similar profit margin net of local taxes. Consequently, when a higher proportion of the division's profits are being generated in lower tax rate jurisdictions (as is expected in 2008), all other things being equal, EBITDA margins and the divisional effective tax rate are lower, but net margins are unaffected.

The division's backlog increased to US$2.7 billion at 30 June 2008 (31 December 2007: US$2.5 billion) reflecting new awards and agreed variation orders during the period.

Operations Services

The Operations Services division has continued to strengthen its capability. Petrofac Training has continued to expand the international delivery of its training services during the period, including the opening of a new technical training centre on Sakhalin Island and a health and safety and major emergency management training centre in Houston. In June 2008, Training secured a contract, for a minimum of three years, to manage the Chemical Process Technology Centre (CPTC) in Singapore. The CPTC is a world-class training centre, owned by the Economic Development Board of Singapore, with facilities which include a full-scale hydrocarbon processing plant and specialist equipment laboratories, which will facilitate operations and maintenance training, including start-up, shutdown and emergency response exercises. Elsewhere, the Dubai Petroleum Training Centre (DPTC), a joint venture with Dubai Petroleum, will be formally opened at the end of August 2008 and courses have recently commenced. The DPTC is fully equipped to meet the safety and technical training needs of the energy sector throughout the Middle East and will support a full calendar of courses. The Training business now manages 15 training facilities in seven countries.

In June 2008, Facilities Management was awarded the duty holder contract to provide turnkey operations services on the Northern Producer, the floating production facility to be used to develop the Petrofac Energy Developments-operated Don fields in the UK North Sea. The contract is estimated to be worth approximately US$30 million per annum. Facilities Management also secured a two-year extension of its duty holder contracts with Venture Production, effective from November 2008, and with BHP Billiton for the Irish Sea Pioneer, to the end of 2009. In the UAE, a mechanical services workshop has been established in the Jebel Ali Free Zone and the possibility of opening further workshops in the region is being reviewed. The Brownfield engineering business secured a number of new awards, including follow-on work with Venture Production in the Greater Kittiwake area, and internationally in Abu Dhabi, Qatar and Tunisia.

In July 2008, the division completed the acquisition of Eclipse Petroleum Technology Limited (Eclipse), a production engineering specialist, for an initial consideration of £7 million (US$14 million). Further consideration in cash and shares will be determined by the level of future profitability of Eclipse, which could increase the total consideration up to a maximum of £16 million (US$32 million). Eclipse was founded in 1999 and has approximately 50 employees operating from five offices worldwide: Aberdeen, London, Stavanger, Houston and Dubai. Its life-of-field services include: field development, production modelling and optimisation, well life cycle risk management and petroleum engineering functional consulting, which complements the well construction and well management services provided by SPD Group, which was acquired in January 2007.

This acquisition further broadens the division's capability, which now extends from management of surface facilities and well operations, to the ability to deliver solutions to enhance and improve production.

Reported revenue for the period increased by 9.9% to US$470.0 million (2007: US$427.7 million) and revenue excluding "pass-through" revenue[1] increased by 6.9% to US$355.7 million (2007: US$332.8 million). Growth in the division was driven principally by international expansion, with non-UKCS revenues now accounting for 24%

1 Pass-through revenue refers to the revenue recognised from low or zero margin third-party procurement services provided to customers.

(2007: 16%) of the division's revenues, including a full period contribution from the Dubai Petroleum service operator contract (which commenced in April 2007) and overseas growth in Brownfield engineering, SPD Group and Training.

The division's net profit increased by 9.6% to US$12.1 million (2007: US$11.0 million), representing a net margin on revenue excluding pass-through revenue of 3.4% (2007: 3.3%). The underlying net margin, adjusted to eliminate charges relating to the amortisation of acquisition intangibles and finance charges from the unwinding of the discount on deferred consideration was 3.8% (2007: 3.8%). Net margins in the first half of the year are typically lower than those expected in the second half of the year due to the timing of the recognition of incentive income, which is usually based on performance over a calendar year. The division expects to achieve a net margin over the full year which will demonstrate progress towards its target of 5.0% net margin on revenue excluding pass-through revenue (2007 full year actual: 4.2%).

The division's backlog ended the period higher at US$2.1 billion (31 December 2007: US$1.9 billion).

Energy Developments

Developed assets

The division's operational assets (Cendor, Ohanet and the Kyrgyz Petroleum Company (KPC) refinery) continued to perform well during the period.

The Cendor field, in Block PM304, offshore Peninsular Malaysia, produced an average of 14,800 barrels per day (bpd) of oil over the period (2007: 14,400 bpd) and achieved production uptime of over 99%. New production and injector wells were completed earlier in the year, which, together with further development wells due to be drilled in the second half of the year, are expected to broadly maintain current levels of production into 2009. As operator (with a 30% interest), the division, along with its partners (Petronas, PetroVietnam and Kuwait Foreign Petroleum Exploration Company (KUFPEC)) is assessing the second phase of development of Block PM304. A successful appraisal well has recently been drilled and a field development plan to develop additional reserves is expected to be submitted for approval during the second half of the year.

The Ohanet development in Algeria, in which the division has a 10% share of a Risk Service Contract (alongside BHP Billiton, Japan Ohanet Oil & Gas Co and Woodside Energy) with Sonatrach, continues to perform in line with expectations. The 10,000 bpd capacity KPC refinery (in which the division has a 50% share) performed ahead of expectations during the period, with improved access to feedstock and increased export demand.

In Tunisia, the Chergui gas plant (in which the division has a 45% operating interest) achieved first gas in June 2008, 15 months after first access to the site. Following completion of the export pipeline, commercial export of gas commenced in early August 2008. The division is currently undertaking seismic work to assess possible further development of the Chergui field.

Assets under development

In the UKCS, field development programme (FDP) approval was received from the Department of Business Enterprise and Regulatory Reform for the Don Southwest (Petrofac interest 60%) and West Don (Petrofac interest 28%) fields in May 2008. Petrofac Energy Developments, as operator, and on behalf of its co-venturers, is managing the development of the fields, which are expected to produce first oil in the first half of 2009. In January 2008, the division announced that it had signed an agreement with Sea Production Limited, a wholly owned subsidiary of Northern Offshore Limited, for the provision of the Northern Producer floating production facility. The modifications to the topsides of the Northern Producer and the development of the subsea infrastructure are progressing well and the John Shaw semi-submersible drilling rig commenced a seven well drilling programme in August 2008. There is further development potential in the Greater Don area, with the division having interests in a number of surrounding areas, including a 50% interest, alongside Valiant Petroleum (Valiant), in the Prospero prospect in Blocks 211/18c and 211/17. Valiant is managing the drilling of an appraisal well, which commenced in August 2008.

As announced in April 2008, the division is evaluating taking a 10% interest in the Ebla development in Syria (where the Engineering & Construction division has an EPC contract to build the gas processing plant). The evaluation is likely to

Business review
continued

be completed during the second half of the year, after review of further well data.

Despite the first half of 2007 benefiting from the initial period of cost recovery on Cendor, the division's revenue increased 12.8% to US$77.7 million for the six months to 30 June 2008 (2007: US$68.9 million) compared to the corresponding period in the prior year, reflecting higher production levels and realised oil prices from Cendor[1] during the period. The division continues to hedge a substantial proportion of its expected profit oil using a series of zero premium oil price collar contracts, which currently range from a floor of US$85 per barrel to a capped price of US$118 per barrel. Net profit for the period increased to US$16.3 million (2007: US$15.8 million) with the increase partly driven by the improvement in performance of the KPC refinery.

Key risks and uncertainties

The key risks and uncertainties for the remaining six months of the year are as described on pages 24 and 25 of the group's Annual report and accounts 2007.

Outlook

The broad environment in which the group operates remains robust and underpinned by long term factors. Notwithstanding recent reductions in forecast short-term global economic growth prospects, global demand for oil & gas is expected to grow substantially over the medium to long-term and with limited spare capacity in existing oil & gas production facilities, we expect to see significant investment in new and replacement production capacity by our clients, particularly in our core markets. Consequently, we expect demand for the group's services to remain strong.

With the current level and duration of backlog, the Engineering & Construction division has good visibility of revenue. With a healthy bidding pipeline for 2008 and favourable operating environment, we expect to achieve strong growth for the current year and beyond, with net profit margins being broadly maintained at recent levels.

Growth in the Operations Services division is less leveraged to the current operating environment, as the division has a number of long-term (some life-of-field) contracts. Near-term growth prospects continue to be predominantly in international markets, particularly in Brownfield engineering and Training, and, following recent acquisitions, through the provision of solutions to enhance and improve production.

As noted above, our principal investment business, Energy Developments, continues to progress its portfolio of assets under development, with first oil on the Don Southwest and West Don fields being a key near-term target scheduled for the first half of 2009. The division is reviewing a number of upstream and infrastructure opportunities and expects to conclude its due diligence of the Ebla development during the second half of 2008.

Overall, we are very pleased with the group's achievements in the first half of the year, which include entry to the FTSE 100 index, less than three years since listing on the London Stock Exchange in October 2005. This is a notable achievement and a testament to the collective efforts of everyone working for the group. We are confident that this success will continue and that 2008 will be another year of strong growth.

Rodney Chase
Chairman

Ayman Asfari
Group Chief Executive

1 Under the terms of the production sharing agreement, the group receives approximately 30% of the upside in the oil price above an RPI index-linked base price, which is currently around US$37 per barrel.

Interim condensed consolidated income statement
For the six months ended 30 June 2008

	Notes	6 months ended 30 June 2008 Unaudited US$'000	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Revenue	4	**1,576,154**	1,057,109	2,440,251
Cost of sales	5	**(1,318,633)**	(868,464)	(2,029,772)
Gross profit		**257,521**	188,645	410,479
Selling, general and administration expenses		**(101,395)**	(75,025)	(165,308)
Other income		**2,027**	1,492	3,951
Other expenses		**(439)**	(637)	(621)
Profit from operations before tax and finance income/(costs)		**157,714**	114,475	248,501
Finance costs		**(4,251)**	(4,948)	(8,527)
Finance income		**7,354**	7,738	18,259
Profit before tax		**160,817**	117,265	258,233
Income tax expense	6	**(39,577)**	(40,035)	(69,517)
Profit for the period		**121,240**	77,230	188,716
Attributable to:				
Petrofac Limited shareholders		**121,240**	77,230	188,716
Earnings per share (US cents)	7			
– Basic		**35.64**	22.53	55.14
– Diluted		**35.13**	22.36	54.61

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Interim condensed consolidated balance sheet
At 30 June 2008

	Notes	30 June 2008 Unaudited US$'000	30 June 2007 Unaudited US$'000	31 December 2007 Audited US$'000
Assets				
Non-current assets				
Property, plant and equipment	9	**317,570**	176,288	256,237
Goodwill	10	**71,882**	72,397	71,743
Intangible assets	11	**9,527**	21,582	9,010
Available-for-sale financial assets		**1,337**	1,619	1,586
Derivative financial instruments	12	**277**	439	1,775
Other financial assets		**1,531**	22	23
Deferred income tax assets		**15,563**	1,747	11,472
		417,687	274,094	351,846
Current assets				
Inventories		**2,244**	2,035	2,256
Work in progress		**206,893**	321,240	270,181
Trade and other receivables		**657,407**	442,813	509,025
Due from related parties	17	**3,408**	3,422	3,147
Derivative financial instruments	12	**26,052**	10,098	27,298
Other financial assets		**2,472**	2,789	2,702
Cash and short-term deposits	13	**565,206**	518,261	581,552
		1,463,682	1,300,658	1,396,161
Total assets		**1,881,369**	1,574,752	1,748,007
Equity and liabilities				
Equity attributable to Petrofac Limited shareholders				
Share capital		**8,636**	8,636	8,636
Share premium		**68,203**	68,203	68,203
Capital redemption reserve		**10,881**	10,881	10,881
Treasury shares		**(44,049)**	(19,715)	(29,842)
Other reserves	15	**51,064**	30,832	50,467
Retained earnings		**459,526**	282,720	377,450
		554,261	381,557	485,795
Minority interests		**209**	209	209
Total equity		**554,470**	381,766	486,004
Non-current liabilities				
Interest-bearing loans and borrowings		**76,513**	92,074	81,640
Provisions		**23,104**	15,837	19,046
Other financial liabilities		**14,395**	20,438	13,870
Deferred income tax liabilities		**37,590**	28,126	34,137
		151,602	156,475	148,693
Current liabilities				
Trade and other payables		**413,585**	426,963	408,017
Due to related parties	17	**578**	50	744
Interest-bearing loans and borrowings		**27,956**	35,148	28,455
Derivative financial instruments	12	**7,250**	–	52
Other financial liabilities		**1,005**	1,884	812
Income tax payable		**43,232**	30,278	47,577
Billings in excess of cost and estimated earnings		**145,592**	186,152	208,105
Accrued contract expenses		**536,099**	356,036	419,548
		1,175,297	1,036,511	1,113,310
Total liabilities		**1,326,899**	1,192,986	1,262,003
Total equity and liabilities		**1,881,369**	1,574,752	1,748,007

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Interim condensed consolidated cash flow statement
For the six months ended 30 June 2008

	Notes	**6 months ended 30 June 2008 Unaudited US$'000**	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Operating activities				
Profit before tax		**160,817**	117,265	258,233
Adjustments for:				
Depreciation, amortisation and impairment		**21,523**	22,792	52,758
Share-based payments	14	**4,331**	1,820	5,412
Difference between other long-term employment benefits paid and amounts recognised in the income statement		**4,324**	3,025	5,852
Net finance income		**(3,103)**	(2,790)	(9,732)
Gain on disposal of property, plant and equipment		**(71)**	(8,541)	(8,834)
Gain on disposal of held for sale assets		**–**	–	(243)
Other non-cash items, net		**(1,193)**	619	1,756
Operating profit before working capital changes		**186,628**	134,190	305,202
Trade and other receivables		**(148,382)**	(106,800)	(171,360)
Work in progress		**63,288**	46,629	97,688
Due from related parties		**(261)**	4,303	4,578
Inventories		**12**	(92)	(313)
Current financial assets		**(133)**	(427)	(395)
Trade and other payables		**15,171**	83,152	64,044
Billings in excess of cost and estimated earnings		**(62,513)**	61,162	83,115
Accrued contract expenses		**116,551**	(75,967)	(12,455)
Due to related parties		**(166)**	(132)	562
		170,195	146,018	370,666
Other non-current items, net		**(1,821)**	87	133
Cash generated from operations		**168,374**	146,105	370,799
Interest paid		**(3,191)**	(3,629)	(7,004)
Income taxes paid, net		**(44,566)**	(16,538)	(32,417)
Net cash flows from operating activities		**120,617**	125,938	331,378
Investing activities				
Purchase of property, plant and equipment	9	**(82,117)**	(56,604)	(117,157)
Acquisition of subsidiaries, net of cash acquired		**–**	(3,137)	(4,902)
Payment of deferred consideration on acquisition		**–**	–	(64)
Purchase of intangible oil & gas assets	11	**(1,400)**	(1,776)	(48,604)
Proceeds from disposal of property, plant and equipment		**184**	11,205	12,166
Proceeds from disposal of available-for-sale financial assets		**137**	–	–
Net foreign exchange differences		**(564)**	2,023	829
Interest received		**7,702**	7,863	18,562
Net cash flows used in investing activities		**(76,058)**	(40,426)	(139,170)
Financing activities				
Repayment of interest-bearing loans and borrowings		**(3,713)**	(1,157)	(2,767)
Shareholders' loan note transactions, net		**–**	173	216
Treasury shares purchased	14	**(16,969)**	(11,571)	(21,698)
Equity dividends paid		**(38,015)**	(22,374)	(39,479)
Net cash flows used in financing activities		**(58,697)**	(34,929)	(63,728)
Net (decrease)/increase in cash and cash equivalents		**(14,138)**	50,583	128,480
Cash and cash equivalents at 1 January		**565,886**	437,406	437,406
Cash and cash equivalents at period end	13	**551,748**	487,989	565,886

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2008

	Attributable to shareholders of Petrofac Limited								
	Issued share capital US$'000	Share premium US$'000	Capital redemption reserve US$'000	Treasury shares US$'000	Other reserves (note 15) US$'000	Retained earnings US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
For the six months ended 30 June 2008									
Balance at 1 January 2008	8,636	68,203	10,881	(29,842)	50,467	377,450	485,795	209	486,004
Foreign currency translation	–	–	–	–	(512)	–	(512)	–	(512)
Net gain on maturity of cash flow hedges recognised in income statement	–	–	–	–	(23,460)	–	(23,460)	–	(23,460)
Net changes in fair value of derivatives	–	–	–	–	13,509	–	13,509	–	13,509
Net changes in fair value of available-for-sale financial assets	–	–	–	–	(112)	–	(112)	–	(112)
Total income and expenses for the period recognised in equity	–	–	–	–	(10,575)	–	(10,575)	–	(10,575)
Net profit for the period	–	–	–	–	–	121,240	121,240	–	121,240
Total income and expenses for the period	–	–	–	–	(10,575)	121,240	110,665	–	110,665
Share-based payments charge (note 14)	–	–	–	–	4,331	–	4,331	–	4,331
Shares vested during the period (note 15)	–	–	–	2,762	(2,762)	–	–	–	–
Treasury shares purchased (note 14)	–	–	–	(16,969)	–	–	(16,969)	–	(16,969)
Transfer to reserve for share-based payments (note 15)	–	–	–	–	9,603	–	9,603	–	9,603
Dividends (note 8)	–	–	–	–	–	(39,164)	(39,164)	–	(39,164)
Balance at 30 June 2008 (unaudited)	**8,636**	**68,203**	**10,881**	**(44,049)**	**51,064**	**459,526**	**554,261**	**209**	**554,470**

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity

	Attributable to shareholders of Petrofac Limited								
	Issued share capital US$'000	Share premium US$'000	Capital redemption reserve US$'000	Treasury shares US$'000	Other reserves (note 15) US$'000	Retained earnings US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
For the six months ended 30 June 2007									
Balance at 1 January 2007	8,629	66,210	10,881	(8,144)	19,611	227,508	324,695	209	324,904
Foreign currency translation	–	–	–	–	2,288	–	2,288	–	2,288
Net gain on maturity of cash flow hedges recognised in income statement	–	–	–	–	(5,607)	–	(5,607)	–	(5,607)
Net changes in fair value of derivatives	–	–	–	–	6,736	–	6,736	–	6,736
Net changes in fair value of available-for-sale financial assets	–	–	–	–	(121)	–	(121)	–	(121)
Total income and expenses for the period recognised in equity	–	–	–	–	3,296	–	3,296	–	3,296
Net profit for the period	–	–	–	–	–	77,230	77,230	–	77,230
Total income and expenses for the period	–	–	–	–	3,296	77,230	80,526	–	80,526
Share-based payments charge (note 14)	–	–	–	–	1,820	–	1,820	–	1,820
Shares issued on acquisition	7	1,993	–	–	–	–	2,000	–	2,000
Treasury shares	–	–	–	(11,571)	–	–	(11,571)	–	(11,571)
Transfer to reserve for share-based payments (note 15)	-	-	-	-	6,105	-	6,105	-	6,105
Dividends (note 8)	–	–	–	–	–	(22,018)	(22,018)	–	(22,018)
Balance at 30 June 2007 (unaudited)	8,636	68,203	10,881	(19,715)	30,832	282,720	381,557	209	381,766
For the year ended 31 December 2007									
Balance at 1 January 2007	8,629	66,210	10,881	(8,144)	19,611	227,508	324,695	209	324,904
Foreign currency translation	–	–	–	–	(72)	–	(72)	–	(72)
Net gain on maturity of cash flow hedges recognised in income statement	–	–	–	–	(22,183)	–	(22,183)	–	(22,183)
Net changes in fair value of derivatives	–	–	–	–	41,734	–	41,734	–	41,734
Net changes in fair value of available-for-sale financial assets	–	–	–	–	(140)	–	(140)	–	(140)
Total income and expenses for the year recognised in equity	–	–	–	–	19,339	–	19,339	–	19,339
Net profit for the year	–	–	–	–	–	188,716	188,716	–	188,716
Total income and expenses for the year	–	–	–	–	19,339	188,716	208,055	–	208,055
Share-based payments charge	–	–	–	–	5,412	–	5,412	–	5,412
Shares issued on acquisition	7	1,993	–	–	–	–	2,000	–	2,000
Treasury shares	–	–	–	(21,698)	–	–	(21,698)	–	(21,698)
Transfer to reserve for share-based payments (note 15)	–	–	–	–	6,105	–	6,105	–	6,105
Dividends (note 8)	–	–	–	–	–	(38,774)	(38,774)	–	(38,774)
Balance at 31 December 2007 (audited)	8,636	68,203	10,881	(29,842)	50,467	377,450	485,795	209	486,004

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2008

1 Corporate information

Petrofac Limited is a limited liability company registered 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 activities are the provision of facilities solutions to the oil & gas production and processing industry and appraisal, development and operation of oil & gas production and refining projects. The interim condensed consolidated financial statements of the group for the six months ended 30 June 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 26 August 2008.

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 and available-for-sale financial assets that have been measured at fair value. The presentation currency of the interim condensed consolidated financial statements is United States dollars (US$) and all values in the interim condensed consolidated financial statements are rounded to the nearest thousand (US$'000) except where otherwise stated. Certain comparative information has been reclassified to conform to current period presentation and prior period earnings per share numbers have been revised to be consistent with the current period presentation.

Statement of compliance

The interim condensed consolidated financial statements of Petrofac Limited and all its subsidiaries for the six months ended 30 June 2008 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 2007.

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 financial statements for the year ended 31 December 2007, except as noted below.

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 2008. The principal effects of the adoption of these new and amended standards and interpretations are discussed below:

IFRIC 11 IFRS 2 Group and Treasury Share Transactions

This interpretation clarifies that where any arrangement is made whereby an employee is granted rights to an entity's equity instrument; it is to be accounted for as an equity-settled scheme. This treatment would also hold true where the entity buys the instruments from an existing shareholder or any other party to provide the equity instruments to the employee. The adoption of this interpretation did not affect the group's operating results or financial position for the period ended 30 June 2008.

IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The adoption of this interpretation did not affect the group's operating results or financial position for the period ended 30 June 2008 as the group does not have any defined benefit scheme for its employees.

3 Segment information

The group's primary continuing operations are organised on a worldwide basis into three business segments: Engineering & Construction, Operations Services and Energy Developments. The following tables present revenue and profit information relating to the group's primary business segments for the six months ended 30 June 2008, six months ended 30 June 2007 and the year ended 31 December 2007. Included within the consolidation and eliminations columns are certain balances, which due to their nature, are not allocated to segments.

	Engineering & Construction US$'000	Operations Services US$'000	Energy Developments US$'000	Corporate & others US$'000	Consolidation adjustments & eliminations US$'000	Total US$'000
Six months ended 30 June 2008 (unaudited)						
Revenue						
External sales	1,034,143	464,323	77,688	–	–	1,576,154
Inter-segment sales	2,231	5,698	–	–	(7,929)	–
Total revenue	**1,036,374**	**470,021**	**77,688**	**–**	**(7,929)**	**1,576,154**
Segment results	112,834	18,034	29,562	(159)	(454)	159,817
Unallocated corporate costs	–	–	–	(2,103)	–	(2,103)
Profit/(loss) before tax and finance income / (costs)	112,834	18,034	29,562	(2,262)	(454)	157,714
Finance costs	(262)	(1,785)	(32)	(4,675)	2,503	(4,251)
Finance income	8,198	436	117	2,722	(4,119)	7,354
Profit/loss) before income tax	120,770	16,685	29,647	(4,215)	(2,070)	160,817
Income tax expense	(21,618)	(4,582)	(13,312)	(65)	–	(39,577)
Profit/(loss) for the period	**99,152**	**12,103**	**16,335**	**(4,280)**	**(2,070)**	**121,240**
Other segment information						
Depreciation	7,481	2,071	11,274	226	(413)	20,639
Amortisation	–	884	–	–	–	884
Other long-term employment benefits	3,854	914	93	27	–	4,888
Share-based payments	2,120	1,053	496	662	–	4,331

Notes to the interim condensed consolidated financial statements
continued

3 Segment information continued

	Engineering & Construction US$'000	Operations Services US$'000	Energy Developments US$'000	Corporate & others US$'000	Consolidation adjustments & eliminations US$'000	Total US$'000
Six months ended 30 June 2007 (unaudited)						
Revenue						
External sales	567,030	421,175	68,904	–	–	1,057,109
Inter-segment sales	2,607	6,487	–	–	(9,094)	–
Total revenue	569,637	427,662	68,904	–	(9,094)	1,057,109
Segment results	67,584	16,782	31,821	12	(70)	116,129
Unallocated corporate costs	–	–	–	(1,654)	–	(1,654)
Profit/(loss) before tax and finance income/(costs)	67,584	16,782	31,821	(1,642)	(70)	114,475
Finance costs	(442)	(2,205)	(367)	(4,549)	2,615	(4,948)
Finance income	7,750	608	121	1,934	(2,675)	7,738
Profit/(loss) before income tax	74,892	15,185	31,575	(4,257)	(130)	117,265
Income tax (expense)/income	(20,188)	(4,139)	(15,815)	105	2	(40,035)
Profit/(loss) for the period	54,704	11,046	15,760	(4,152)	(128)	77,230
Other segment information						
Depreciation	7,294	1,966	12,765	125	(325)	21,825
Amortisation	–	967	–	–	–	967
Other long-term employment benefits	2,685	626	44	16	–	3,371
Share-based payments	885	441	195	299	–	1,820
For the year ended 31 December 2007 (audited)						
Revenue						
External sales	1,409,817	897,602	132,832	–	–	2,440,251
Inter-segment sales	5,131	13,372	–	–	(18,503)	–
Total revenue	1,414,948	910,974	132,832	–	(18,503)	2,440,251
Segment results	158,197	44,891	51,637	(236)	51	254,540
Unallocated corporate costs	–	–	–	(6,039)	–	(6,039)
Profit/(loss) before tax and finance income/(costs)	158,197	44,891	51,637	(6,275)	51	248,501
Finance costs	(662)	(4,384)	(205)	(8,572)	5,296	(8,527)
Finance income	18,013	1,247	331	3,857	(5,189)	18,259
Profit/(loss) before income tax	175,548	41,754	51,763	(10,990)	158	258,233
Income tax (expense)/income	(38,454)	(12,857)	(18,375)	169	–	(69,517)
Profit/(loss) for the year	137,094	28,897	33,388	(10,821)	158	188,716
Other segment information						
Depreciation	15,654	4,567	22,476	449	(845)	42,301
Amortisation	–	1,771	–	–	–	1,771
Impairment	–	–	8,686	–	–	8,686
Other long-term employment benefits	5,075	1,492	7	31	–	6,605
Share-based payments	2,667	1,382	589	774	–	5,412

4 Revenues

	6 months ended 30 June 2008 Unaudited US$'000	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Rendering of services	**1,518,338**	1,007,030	2,346,431
Sale of crude oil	**52,182**	46,014	85,592
Sale of processed hydrocarbons	**5,634**	4,065	8,228
	1,576,154	1,057,109	2,440,251

Included in revenues from rendering of services are Operations Services revenues of a pass-through nature with zero or low margins amounting to US$114,371,000 (six months ended 30 June 2007: US$94,836,000; year ended 31 December 2007: US$227,048,000).

5 Cost of sales

Included in cost of sales for the six months ended 30 June 2008 is US$ nil (six months ended 30 June 2007: US$8,296,000; year ended 31 December 2007: US$8,590,000) profit on disposal of fixed assets used to undertake various engineering and construction contracts.

6 Income tax

Income tax expense is recognised based on management's best estimate of each division's annual income tax rate expected for the full financial year.

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

	6 months ended 30 June 2008 Unaudited US$'000	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Current income tax			
Current income tax charge	**40,445**	36,163	69,208
Deferred income tax			
Relating to origination and reversal of temporary differences	**(868)**	3,872	309
	39,577	40,035	69,517

The group's effective tax rate for the six months is 24.6% (six months ended 30 June 2007: 34.1%; year ended 31 December 2007: 26.9%). The reduction in the effective tax rate from the previous year is due to lower taxed income in the Engineering & Construction division.

Notes to the interim condensed consolidated financial statements
continued

7 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:

	6 months ended 30 June 2008 Unaudited US$'000	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	**121,240**	77,230	188,716

	6 months ended 30 June 2008 Unaudited Number '000	6 months ended 30 June 2007 Unaudited Number '000	Year ended 31 December 2007 Audited Number '000
Weighted average number of ordinary shares for basic earnings per share	**340,176**	342,701	342,246
Weighted average number of ordinary shares granted under share-based payment schemes	**4,952**	2,707	3,313
Adjusted weighted average number of ordinary shares for diluted earnings per share	**345,128**	345,408	345,559

8 Dividends paid and proposed

	6 months ended 30 June 2008 Unaudited US$'000	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Declared and paid during the period			
Equity dividends on ordinary shares:			
Final dividend for 2006: 6.43 cents per share	**–**	22,018	22,018
Interim dividend 2007: 4.90 cents per share	**–**	–	16,756
Final dividend for 2007: 11.50 cents per share	**39,164**	–	–
	39,164	22,018	38,774

The Company proposes an interim dividend of 7.50 cents per share which was approved by the Board on 26 August 2008 for payment on 24 October 2008.

9 Property, plant and equipment

During the period, the group incurred capital expenditure of US$33,842,000 (30 June 2007: US$ nil) on the development of its Don area assets, US$15,916,000 (30 June 2007: US$6,979,000) on the construction of a new office building in Sharjah UAE, US$7,249,000 on the acquisition of additional land in Sharjah for further new office development (30 June 2007: US$ nil) and US$13,674,000 (30 June 2007: US$34,893,000) relating to the Chergui gas concession in Tunisia.

10 Goodwill

The increase in the goodwill balance in the current period represents exchange differences of US$139,000.

11 Intangible assets

Movements in intangible assets comprise additions to intangible oil & gas assets of US$1,400,000 representing further appraisal drilling costs in respect of the group's interest in Permit NT/P68 Australia.

12 Derivative financial instruments

The movement during the period is due to changes in the fair value of derivative financial instruments which the group uses to hedge its risk against foreign currency exposure on sales, purchases and borrowings that are entered into in a currency other than US dollars and oil price revenue fluctuations.

On 20 March 2008, the group entered into a zero premium oil price collar to hedge its exposure to fluctuations in oil prices which mature on a monthly basis from 1 April 2008 to 31 December 2008. The collar hedges 135,000 barrels of oil production with a floor price of US$95.00 per barrel and a capped price of US$118.30 per barrel.

During the period the group entered into foreign exchange forward contracts designated as cash flow hedges for the sales of Euro 50,000,000 (equivalent US$76,750,000) and purchases of Sterling 17,562,000 (equivalent US$34,109,000).

13 Cash and cash equivalents

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

	30 June 2008 Unaudited US$'000	30 June 2007 Unaudited US$'000	31 December 2007 Audited US$'000
Cash at bank and in hand	**103,234**	143,588	106,454
Short-term deposits	**461,972**	374,673	475,098
Cash and short-term deposits	**565,206**	518,261	581,552
Bank overdrafts	**(13,458)**	(30,272)	(15,666)
	551,748	487,989	565,886

Notes to the interim condensed consolidated financial statements
continued

14 Share-based payments

During the period, the Company acquired 1,554,194 of its own shares at a cost of US$16,969,000 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.

The following shows the movements in the number of shares held under the three group employee share schemes:

	Deferred Bonus Share Plan* Number	Performance Share Plan Number	Restricted Share Plan Number
Outstanding at 1 January 2008	2,558,711	864,181	394,216
Granted during the period	1,777,080	456,240	78,331
Vested during the period	(326,170)	–	(5,180)
Forfeited during the period	(5,896)	–	–
Outstanding at 30 June 2008	**4,003,725**	**1,320,421**	**467,367**

* Includes invested and matching shares.

The fair value of the equity-settled awards granted during the period ended 30 June 2008 in respect of the Deferred Bonus Share Plan were estimated based on the quoted closing market price of 522 pence per Company share at the date of grant with an assumed vesting rate of 93% per annum over the vesting period of the plan.

The fair value of the non-market based equity-settled awards granted during the period ended 30 June 2008 representing 50% of the total Performance Share Plan award were estimated based on the quoted closing market price of 522 pence per Company share at the date of grant with an assumed vesting rate of 100% per annum over the three year vesting period of the plan. The remaining 50% of these awards which are market performance based were fair valued by an independent valuer at 287 pence per share using a Monte Carlo simulation model taking into account the terms and conditions of the plan rules and using the following assumptions at the date of grant:

Expected share price volatility (based on median of comparator group's three year volatilities)	32.0%
Share price correlation with comparator group	22.0%
Risk-free interest rate	3.8%
Expected life of share award	3 years

The fair value of the equity-settled awards granted at various dates during the period ended 30 June 2008 in respect of the Restricted Share Plan were based on an average market price of 608 pence with an assumed vesting rate of 100% per annum over the vesting period of the plan.

The group has recognised an expense in the income statement for the period to 30 June 2008 relating to employee share-based incentives of US$4,331,000 (30 June 2007: US$1,820,000) which has been transferred to the reserve for share-based payments along with US$9,603,000 of the remaining bonus liability accrued for the year ended 31 December 2007 (30 June 2007: US$6,105,000) which has been voluntarily elected or mandatorily obliged to be settled in shares granted during the period.

15 Other reserves

	Net unrealised gains/(losses) on available-for-sale financial assets US$'000	Net unrealised (losses)/gains on derivatives US$'000	Foreign currency translation US$'000	Reserve for share-based payments US$'000	Total US$'000
Balance at 1 January 2008	598	28,891	4,817	16,161	50,467
Foreign currency translation	–	–	(512)	–	(512)
Net gains on maturity of cash flow hedges recognised in income statement	–	(23,460)	–	–	(23,460)
Net changes in fair value of derivatives	–	13,509	–	–	13,509
Net changes in fair value of available-for-sale financial assets	(112)	–	–	–	(112)
Share-based payments charge	–	–	–	4,331	4,331
Transfer during the period	–	–	–	9,603	9,603
Shares vested during the period	–	–	–	(2,762)	(2,762)
Balance at 30 June 2008 (unaudited)	**486**	**18,940**	**4,305**	**27,333**	**51,064**
Balance at 1 January 2007	738	9,340	4,889	4,644	19,611
Foreign currency translation	–	–	2,288	–	2,288
Net gains on maturity of cash flow hedges recognised in income statement	–	(5,607)	–	–	(5,607)
Net changes in fair value of derivatives	–	6,736	–	–	6,736
Net changes in fair value of available-for-sale financial assets	(121)	–	–	–	(121)
Share-based payments charge	–	–	–	1,820	1,820
Transfer during the period	–	–	–	6,105	6,105
Balance at 30 June 2007 (unaudited)	617	10,469	7,177	12,569	30,832
Balance at 1 January 2007	738	9,340	4,889	4,644	19,611
Foreign currency translation	–	–	(72)	–	(72)
Net gains on maturity of cash flow hedges recognised in income statement	–	(22,183)	–	–	(22,183)
Net changes in fair value of derivatives	–	41,734	–	–	41,734
Net changes in fair value of available-for-sale financial assets	(140)	–	–	–	(140)
Share-based payments charge	–	–	–	5,412	5,412
Transfer during the year	–	–	–	6,105	6,105
Balance at 31 December 2007 (audited)	598	28,891	4,817	16,161	50,467

Notes to the interim condensed consolidated financial statements
continued

16 Capital commitments
At 30 June 2008, the group had capital commitments of US$142,547,000 (31 December 2007: US$29,630,000; 30 June 2007: US$33,323,000).

Included in the above are commitments relating to the development of the Don area assets of US$119,797,000 (31 December 2007: US$ nil; 30 June 2007: US$ nil), additional appraisal and development well costs on PM304 of US$15,582,000 (31 December 2007: US$ nil; 30 June 2007: US$ nil) and for the construction of a new office building in Sharjah, United Arab Emirates amounting to US$1,637,000 (31 December 2007: US$10,260,000; 30 June 2007: US$19,609,000).

17 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$'000	Purchases from related parties US$'000	Amounts owed by related parties US$'000	Amounts owed to related parties US$'000
Joint ventures	**Six months ended 30 June 2008 (unaudited)**	**2,768**	**104**	**3,408**	**410**
	Six months ended 30 June 2007 (unaudited)	2,343	233	3,422	50
	Year ended 31 December 2007 (audited)	180	507	3,147	625
Other directors' interests	**Six months ended 30 June 2008 (unaudited)**	**–**	**522**	**–**	**168**
	Six months ended 30 June 2007 (unaudited)	–	254	–	–
	Year ended 31 December 2007 (audited)	–	614	–	119

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 2008 will be settled in cash.

Purchases in respect of other directors' interests of US$522,000 represent the market rate based costs of chartering the services of an aeroplane used for the transport of senior management and directors of the Company on company business, which is owned by an offshore trust of which the Chief Executive of the Company is one of the beneficiaries.

Compensation of key management personnel

	6 months ended 30 June 2008 Unaudited US$'000	6 months ended 30 June 2007 Unaudited US$'000	Year ended 31 December 2007 Audited US$'000
Short-term employee benefits	**1,627**	1,233	5,063
Other long-term employment benefits	**33**	22	43
Share-based payments	**690**	395	906
Fees paid to non-executive directors	**305**	255	546
	2,655	1,905	6,558

18 Events after the balance sheet date
On 25 July 2008, the group acquired a 100% interest in the share capital of Eclipse Petroleum Technology Limited, a specialist production engineering company, for an initial consideration of Sterling 7,000,000 (equivalent US$13,915,000), comprised of Sterling 6,000,000 (equivalent US$11,927,000) in cash and Sterling 1,000,000 (equivalent US$1,988,000) to be satisfied with 158,177 Petrofac ordinary shares vesting in two years' time. Further, consideration in cash and shares will be determined by the level of future profitability and in no event will exceed an additional amount of Sterling 9,000,000 (equivalent US$17,890,000).

The group is currently reviewing the assets and liabilities acquired as a result of this business combination. It is considered impracticable to disclose further information in respect of these assets and liabilities as this transaction occurred shortly before the publication of these financial statements.

Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, the condensed set of financial statements on pages 7 to 20 has been prepared in accordance with IAS 34 "Interim Financial Reporting", and that the business review on pages 2 to 6 includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Petrofac Limited are listed in the *Petrofac Annual report and accounts 2007*.

By the order of the Board

Ayman Asfari
Group Chief Executive
26 August 2008

Keith Roberts
Chief Financial Officer
26 August 2008

Independent review report to Petrofac Limited

Introduction

We have been engaged by the Company to review the interim condensed consolidated financial statements for the six months ended 30 June 2008 which comprises the interim condensed consolidated income statement, the interim condensed consolidated balance sheet, 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 condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (ISRE) 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 Services Authority.

As disclosed in note 2, the annual consolidated financial statements of Petrofac Limited are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The 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 ISRE 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 2008 is 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 Services Authority.

Ernst & Young LLP
London
26 August 2008

Shareholder information

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

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St Helier
Jersey JE2 3RT

UK Transfer Agent
Capita Registrars Limited
The Registry
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Beckenham
Kent BR3 4TU

Company Secretary and registered office
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Whiteley Chambers
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Financial calendar

26 September 2008	Interim dividend record date
24 October 2008	Interim dividend payment
31 December 2008	2008 financial year end
9 March 2009	2008 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

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