

**NEXUS FLOATING  
PRODUCTION LIMITED**

**Interim Consolidated  
Financial Information**

**Second Quarter  
First Half Year  
2010**



## Nexus Floating Production Ltd: **Second Quarter and First Half 2010 results**

**During the quarter the main tasks for the Company have been to entertain the business opportunities related to the existing contracts for the Nexus#2 FPSO. All other activities have been cut back to save costs.**

### **Finance**

The Company had no operating income in the second quarter and the first half year of 2010.

The total operating cost for the second quarter was USD 0.5 million and USD 0.8 million for the first half year compared to USD 0.9 million for the second quarter 2009 and USD 1.5 million for the first half year of 2009. The decrease is mainly due less activity and cost saving efforts.

Net finance cost of USD 0.1 for the first half year of 2010 mill is related to closing procedures for the construction loan facility for the Nexus#1 FPSO. The total result for the Company in the second quarter of 2010 was a loss of USD 0.5 million and USD 0.9 million for the first half year, compared to a loss of USD 0.9 million for the second quarter of 2009 and a loss of USD 1.5 million for the first half year of 2009.

The assets consist mainly of cash holdings of USD 2.0 million.

The non-interest bearing debt of USD 67 million is related to the agreement made with the bondholders after the sale of Nexus#1 FPSO in 2009 giving the bondholders a potential additional recovery limited to such amount in the event the Nexus#2 project is reactivated. However, in the second quarter of 2010 the Company renegotiated this agreement and reached an understanding with the bondholders' committee to reduce

the debt from USD 67 million to USD 15 million plus 20% of any additional net income in the event the Nexus#2 project is reactivated or sold.

The booked liability of USD 67 million is not taking account for such understanding, and remains in the balance sheet as a formal liability with the maximum amount of USD 67 recoverable by the bondholders. However, the contingent liability will, based on the agreement with the bondholders, never be effective for an amount higher than new values created by the Company after the sale of Nexus#1 FPSO. In the event no such new values are generated the current booked negative equity of USD 65 million is to be understood as a positive equity of USD 2 million.

### **Accounting principles**

The preparation of the interim report is based upon IAS 34, and the accounting principles are equal to the 2009 Annual Report. The interim report has not been audited.

### **Organisation**

The Company is managed by Nexus Floating Production Norge AS. The Board has initiated steps to reduce the running operational costs to a minimum level.

### **Major transactions with related parties**

Note 16 in the annual report for 2009 provides details of related parties' disclosures. Nexus Floating Production Ltd has not

taken part in any transactions with closely related parties in the first half of 2009. Neither have there been any changes to the principles for disclosures as described in the annual report for 2009.

### **Outlook**

After the sale of the Nexus#1FPSO the Board has decided to evaluate the various options available to the Company, specifically any opportunities related to the existing contracts for the Nexus#2 FPSO. The construction of the second vessel has been suspended with no further liability to the Company but with an option to restart construction at a later date. The agreement also gives the Company an option to terminate the Nexus#2 construction contract with an exposure limited to USD 67 million, which has already been paid under the contract.

The work to develop the Nexus#2 project is still ongoing. However, the Board wish to emphasise that the outcome of such work is uncertain, and that the Company's ability to continue as a going concern on the basis of its present capital, including maintaining listing on the Oslo Stock Exchange will require a successful outcome of such work during the 4<sup>th</sup> quarter of 2010.

The intended locations for the Nexus vessels are in harsh environments.

The operators have accumulated a backlog of prospects that are likely

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to move forward on present market conditions. The exploration activities in deeper waters and

remote areas where FPSOs often are the chosen development solution are expected to continue.

**Responsibility statement**

The first half year report has been prepared in accordance with IAS 34 (Interim Financial reporting). Accounting principles used in the half yearly reporting are identical to principles used in preparation of the Year End Financial Statement for 2009. The accounting principles are described in notes to the Year End Financial Statement.

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2010 has been prepared in accordance with IAS 34, and gives a true and fair view of Nexus Floating Production Ltd's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that this report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Singapore, August 24, 2010

The Board of Directors

**Finn Bjørnstad**  
Chairman

**Carl K. Arnet**  
Vice-Chairman

**Harry J. Bitounis**  
Director

**Jean-Jacques Royant**  
Director

**Knut R. Sæthre**  
Director

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**Consolidated figures<sup>1</sup> (in USD 1000)**

<b>INCOME STATEMENT</b> (USD 1000)	<b>Q2</b> <b>2010</b>	<b>Q1</b> <b>2010</b>	<b>Q4</b> <b>2009</b>	<b>Q3</b> <b>2009</b>	<b>Q2</b> <b>2009</b>	<b>YTD</b> <b>2010</b>	<b>TOTAL</b> <b>2009</b>
<b>Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>0</b>	<b>103</b>
Cost of sales	0	0	31	74	72	0	177
Employee benefits	156	100	343	261	397	256	1 197
Other operating expenses	335	208	3 992	1 946	492	543	6 853
<b>EBITDA 2</b>	<b>-490</b>	<b>-308</b>	<b>-4 366</b>	<b>-2 281</b>	<b>-858</b>	<b>-798</b>	<b>-8 124</b>
Depreciation	13	15	15	17	17	28	64
Write down/(reversal)	0	0	-9 330	248 505	0	0	239 175
<b>EBIT 3</b>	<b>-503</b>	<b>-323</b>	<b>4 949</b>	<b>-250 803</b>	<b>-875</b>	<b>-826</b>	<b>-247 363</b>
Financial income	4	16	89 370	-115	84	20	89 432
Financial costs	-25	-103	-1 840	-5 919	0	-128	-7 759
<b>Profit before taxes</b>	<b>-523</b>	<b>-410</b>	<b>92 479</b>	<b>-256 837</b>	<b>-790</b>	<b>-932</b>	<b>-165 690</b>
Taxes	23	-1	1 548	-15	-73	22	1 410
<b>Profit after taxes</b>	<b>-500</b>	<b>-411</b>	<b>94 027</b>	<b>-256 852</b>	<b>-863</b>	<b>-910</b>	<b>-164 280</b>
<b>Other comprehensive income</b>							
Exchange differences on translation of foreign operations	9	0	-7	101	68	9	166
<b>Other comprehensive income for the period</b>	<b>9</b>	<b>0</b>	<b>-7</b>	<b>101</b>	<b>68</b>	<b>9</b>	<b>166</b>
<b>Total comprehensive income for the period</b>	<b>-491</b>	<b>-411</b>	<b>94 020</b>	<b>-256 751</b>	<b>-795</b>	<b>-901</b>	<b>-164 114</b>
Earnings per share (USD)	-0,0258	-0,0216	4,9355	-13,4780	-0,0417	-0,0473	-8,6150
Diluted earnings per share (USD)	-0,0258	-0,0216	4,9355	-13,4780	-0,0417	-0,0473	-8,6150

<sup>1</sup> The figures are not audited

<sup>2</sup> Earnings before interest, taxes, depreciation and amortisation

<sup>3</sup> Earnings before interest and taxes

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**BALANCE SHEET**

(USD 1000)

**ASSETS**

**NON-CURRENT ASSETS**

Intangible assets	0	0	2	5	6
Vessels under construction	0	0	0	0	507 885
Other non-current assets	82	95	107	120	122
Pension funds	42	42	37	46	42

**TOTAL NON-CURRENT ASSETS**

**124 137 146 171 508 055**

**CURRENT ASSETS**

Other current assets	1 644	1 742	86	697	2 849
Cash and cash equivalents	1 984	2 652	3 392	15 832	9 264
Asset held for sale	0	0	0	336 353	0

**TOTAL CURRENT ASSETS**

**3 628 4 394 3 478 352 882 12 113**

**TOTAL ASSETS**

**3 752 4 531 3 624 353 053 520 168**

**EQUITY AND LIABILITIES**

**SHAREHOLDERS EQUITY (note 1)**

**-64 934 -64 444 -64 068 -158 054 98 694**

**LIABILITIES**

Interest bearing loans (note 1)	0	0	0	0	0
Non-interest bearing loans	67 025	67 025	67 025	0	0
Pension liability	4	4	0	0	0
Deferred tax liability	4	4	15	1 464	1 462

**TOTAL NON-CURRENT LIABILITIES**

**67 033 67 033 67 040 1 464 1 462**

**CURRENT LIABILITIES**

Interest bearing loans	0	0	0	505 594	413 995
Trade and other payables	8	57	325	2 080	0
Income tax payable	-9	12	65	117	98
Public duties payable	403	55	126	46	54
Other short-term liabilities	1 251	1 818	136	1 806	5 865

**TOTAL CURRENT LIABILITIES**

**1 653 1 942 652 509 643 420 012**

**TOTAL LIABILITIES**

**68 686 68 975 67 692 511 107 421 474**

**TOTAL EQUITY AND LIABILITIES**

**3 752 4 531 3 624 353 053 520 168**

Note 1:

The non-interest bearing debt of USD 67 million is related to the agreement made with the bondholders after the sale of Nexus#1 FPSO in 2009 giving the bondholders a potential additional recovery limited to such amount in the event the Nexus#2 project is reactivated. However, in the second quarter of 2010 the Company renegotiated this agreement and reached an understanding with the bondholders' committee to reduce the debt from USD 67 million to USD 15 million plus 20% of any additional net income in the event the Nexus#2 project is reactivated or sold. The booked liability of USD 67 million is not taking account for such understanding, and remains in the balance sheet as a formal liability with the maximum amount of USD 67 recoverable by the bondholders. However, the contingent liability will, based on the agreement with the bondholders, never be effective for an amount higher than new values created by the Company after the sale of Nexus#1 FPSO. In the event no such new values are generated the current booked negative equity of USD 65 million is to be understood as a positive equity of USD 2 million.

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**NEXUS FLOATING PRODUCTION LTD**

**CASH FLOW STATEMENT**

(USD 1000)

**CASH FLOW FROM OPERATING ACTIVITIES**

	<b>YTD 2010</b>	<b>YTD 2009</b>	<b>TOTAL 2009</b>
Ordinary profit before taxes	-932	-96 411	-164 258
Ordinary depreciation	28	60	64
Impairment	0	95 000	239 175
Share option program	0	143	11
Income tax paid	-74	-210	-30
Interest income	20	-1 916	-95
Interest cost	-128	413	-10 187
Financial gain	-20	0	-93 213
Changes in debtors and creditors	-317	190	2 176
Other non cash adjustments	0	0	0
Change in other balance sheet items	15	3 164	-8 028
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-1 408</b>	<b>433</b>	<b>-34 385</b>

**CASH FLOW FROM INVESTING ACTIVITIES**

Vessel under construction/Proceed from sale of vessel	0	-297 873	336 353
Investment in other non-current assets	0	0	0
Interest received	0	1 916	95
<b>NET CASH FLOW FROM INVESTMENTS ACTIVITIES</b>	<b>0</b>	<b>-295 957</b>	<b>336 448</b>

**CASH FLOW FROM FINANCIAL ACTIVITIES**

Incorporation/increase in capital	0	153 124	-319 777
Interest paid and capitalized	0	-413	10 187
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>0</b>	<b>152 711</b>	<b>-309 590</b>

**NET CASH FLOW**

NET CASH FLOW	<b>-1 408</b>	<b>-142 813</b>	<b>-7 527</b>
Cash as at start of period	3 392	153 733	10 919
<b>Cash as at end of period</b>	<b>1 984</b>	<b>10 919</b>	<b>3 392</b>

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**STATEMENT OF CHANGES IN EQUITY**

(USD 1000)

	Share capital	Retained earnings	Other paid-in equity	Currency translation effect	Share-based payments	Total equity
Equity as at 1 January 2009	194 927	(105 893)	9 428	(152)	1 759	100 069
Net profit for the period		(164 288)				(164 288)
Share based payments					11	11
Currency translation effect				175		175
<b>Equity as at 31 December 2009</b>	<b>194 927</b>	<b>(270 181)</b>	<b>9 428</b>	<b>23</b>	<b>1 770</b>	<b>(64 033)</b>
Equity as at 1 January 2010	194 927	(270 181)	9 428	23	1 770	(64 033)
Net profit for the period		(910)				(910)
Share based payments						-
Other changes due to buy favourable buy back of bond loan						-
Currency translation effect				9		9
<b>Equity as at 30 June 2010</b>	<b>194 927</b>	<b>(271 091)</b>	<b>9 428</b>	<b>32</b>	<b>1 770</b>	<b>(64 934)</b>

### Disclaimer for forward-Looking Statements

This Report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Nexus Floating Production Ltd. and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the Nexus Floating Production Ltd.'s businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although Nexus Floating Production Ltd. believes that its expectations and the information in this Report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this Report. Neither Nexus Floating Production Ltd. nor its Directors or any of its subsidiaries is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the Report, and neither Nexus Floating Production Ltd., any of its subsidiaries nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the Report. Nexus Floating Production Ltd. undertakes no obligation to publicly update or revise any forward-looking information or statements in the Report.

Nexus is founded as a Singapore company, governed under Singapore law and is managed by Nexus Floating Production Norge AS under a management agreement.

For further information, visit: [www.nexusfp.no](http://www.nexusfp.no)

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