

**NEXUS FLOATING
PRODUCTION LTD
FINANCIAL REPORT**

Q2 2007



Nexus Floating Production Ltd: Second quarter 2007 results

Nexus Floating Production Ltd. has been established with the sole purpose of building and owning Floating Production and Storage Vessels (FPSOs) for the international offshore oil production market. The company has contracted two FPSOs. The first vessel (Nexus#1) was contracted on June 19th, 2006 with Samsung Heavy Industries Ltd. On June 18th, 2007, the company signed the contract for the second vessel (Nexus#2) on similar terms as the first. These FPSOs are newbuilds specified for operation in harsh environments and remote areas. The first vessel will be delivered from the yard in June 2009, and the second one in September 2010. The company has also secured an option on a third vessel with delivery in 2011 on similar terms as the first two vessels.

The first vessel was fully financed by the end of 1Q 2007 through a combination of bank loans, bonds and equity. Prior to the signing of the contract for the second vessel, the company made a public offering of MUSD 100 to cover parts of the financing. The offering was well received in the market.

Nexus key financials (USD thousands)

	Q1/06*	Q1/07	Q2/07	YTD 2007	2006
Revenues	0	75	0	75	144,6
EBITDA	0	-1248	-1061	-2310	-734,8
Investment in the ship	0	102916	254478	254478	97,2
Profit before tax	0	-1901	-1003	-2867	-186,7
Earnings per share	0	N/A	N/A	N/A	N/A

*The company was incorporated on May 6th, 2006.

Significant Events

On May 31st, 2007, Nexus and Samsung agreed the terms for cost adjustment after Front End Engineering Development (FEED) within the project plans regarding both cost and schedule.

On June 18th, 2007, Nexus Floating Production Ltd. signed the contract for a second FPSO to be delivered in September 2010. The terms for this contract had been agreed during the negotiations for the first vessel, and were confirmed when Nexus and Samsung agreed on minor cost adjustments after completion of the feed study.

The financing of Nexus#1 was completed by the end of March 2007 when the last MUSD 40 equity was successfully raised for that purpose. The offering was oversubscribed. The first vessel was thus fully financed through MUSD 170 equity, MUSD 175 bonds and MUSD 320 bank debt.

As part of the financing of the second FPSO, Nexus raised MUSD 25 through the issue of 2,140,800 new shares. The subscription price was NOK 70, and the offering was oversubscribed. The total number of shares outstanding in the company after the offering is 19,049,700.

At the same time, the company raised MUSD 75 by issuing 5-year convertible bonds. The price per bond was NOK 70, convertible at a premium of 25%. Also this offering was oversubscribed. This confirms the investors' belief in the FPSO market and the company's strategy.

The final financing set-up for Nexus#2 will depend upon the market situation for the vessels as well as the general conditions in the financial markets.

Project Status

All aspects related to the Nexus FPSO project are progressing according to plan. Detailed

engineering and purchasing are well under way, and the steel fabrication will commence in November 2007 in accordance with the project plans. The complete FPSO will be delivered on June 30th, 2009.

The Nexus#2 project has just been established. Nexus and Samsung have agreed that no work shall commence on the topside plant before January 1st, 2008, in order to accommodate a possible field-specific topside design. This option is actively marketed towards several clients.

The day-to-day project management is run from Arendal, Norway, by an integrated project team consisting of personnel from Nexus and Advance Production and Loading Plc. (APL). Nexus has a frame agreement with APL on technical support and building supervision through the construction phases.

Samsung Heavy Industries is responsible for detailed engineering and construction. A

site team has been established at the Samsung yard in Korea to follow up the project construction.

The contract with APL on delivery of turret, mooring and swivel systems is running according to plan. APL has granted Nexus an option on an additional system for Nexus#2 on similar terms.

Finance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The company had no operating income during the reporting period, but is now working on paid studies for specific locations.

The operating expenses in the reporting period were at the same level as in previous periods, but will increase somewhat as the project activities accelerate when the construction period starts. Operating expenses for the second quarter amounted to MUSD 1,1, which is according to plan.

After having completed the financing of Nexus#1 and raised parts of the financing for Nexus#2, the company has, at the end of the second quarter, deposits of MUSD 124. Unpaid share capital and convertible bonds of MUSD 95 (net of cost) were added to the company's deposits just after the end of the quarter. The financial income during the second quarter is interest related to these deposits.

Organisational update

The company has three full-time employees; Mr Anders Holm, CEO, Mr. Arild Bårdsen, CFO, and Ms. Solfrid Fløystad, Office

Manager. In addition, Mr. Johan Beek works as the company's Senior FPSO Technical Advisor on the basis of a full-time consultancy agreement

The company has frame agreements with APL for project execution, building supervision, administrative services, marketing and subsequent operation of the vessels. At the end of the quarter, a total of 30 persons were employed in the Nexus projects under the frame agreements.

In the second quarter, the company's Directors were Mr. Svein Eggen, Chairman, Mr. Carl Krogh Arnet, Vice-Chairman, Mr. Jean-Jacques Royant, Mr. Harry Bitounis and Mr. Arve Andersson.

Corporate issues

During the summer, APL Plc. increased its shareholding from 40.33% to 49.73% through acquisitions of Nexus shares in the market. At the company's Annual General Meeting on August 28th, 2007, the composition of the Board was changed to reflect this situation.

At the Annual General Meeting, Mr. Svein Eggen and Mr. Arve Andersson decided to retire from the Board. Elected new Directors are:

- Mr. Finn Bjørnstad, partner in the Norwegian law firm Wikborg Rein;
- Mr. Svein Moxnes Harfjeld, CEO of BW Offshore, which owns 99,9% of the shares in APL Plc.

The increase in BWO's ownership through APL will be a great advantage to the company with respect to both its marketing activities towards clients and the construction project execution.

Marketing activities

The two vessels under order are being marketed world-wide through a frame agreement with APL

Market opportunities are actively pursued in all main geographical target areas through bids, paid studies and dialogues with possible end clients.

Prospects are targeted in Norway, the UK, Canada, the United States, West-Africa and Australia. The most probable locations for vessel contracts are the North Sea, the Atlantic West of Shetland and East of Canada, the Norwegian Sea and the Barents Sea. The vessel is tailor-made for the weather conditions in these areas where FPSO solutions are considered for a handful of field developments. But also the Gulf of Mexico and Australia, are regions where the Nexus FPSOs are well suited, especially due to the increase in hurricane and typhoon activity.

The demand for FPSOs is increasing due to the persistent high oil prices and the fact that recent oil discoveries and developments are in deep waters and in remote areas where FPSOs often are the chosen development solution. There are a number of development projects in our key areas, and the outlook for employment contracts is promising.

Singapore, 28th August 2007

The Board of Directors

Consolidated figures¹ (in USD 1000)

NEXUS FLOATING PRODUCTION LTD
Consolidated figures according to IFRS

INCOME STATEMENT (USD 1000)	6.5-30.09 2006	Q4 2006	Q1 2007	Q2 2007	YTD 2007	Total 2006
Revenues	0	145	75	0	75	145
Cost of sales	45	188	90	0	90	234
Employee benefits	129	154	941	566	1 507	283
Other operating expenses	194	169	292	496	788	363
EBITDA 2	-368	-367	-1 248	-1 061	-2 310	-735
Depreciation	3	12	16	17	33	15
EBIT 3	-371	-379	-1 264	-1 078	-2 342	-750
Financial income	626	362	425	185	610	988
Financial costs	0	-51	-13	-73	-86	-51
Other financial items 4	0	0	-1 049		-1 049	0
Profit before taxes	255	-68	-1 901	-966	-2 867	187
Taxes	-125	-72	-85	-37	-122	-197
Profit after taxes	130	-140	-1 986	-1 003	-2 989	-11
Earnings per share (USD)	0,0096	-0,0104	-0,1459	-0,0590	-0,2049	-0,0008
Diluted earnings per share (USD)	0,0096	-0,0104	-0,1459	-0,0590	-0,2049	-0,0008

¹ The figures are not audited

² Earnings before interest, taxes, depreciation and amortisation

³ Earnings before interest and taxes

⁴ Cost related to the IPO

NEXUS FLOATING PRODUCTION LTD - KEY FIGURES

		Q3 2006	Q4 2006	Q1 2007	Q2 2007
Equity ratio	Note 1	97,1 %	99,5 %	48,2 %	41,4 %
Liquidity ratio	2	9,3	43,6	58,8	4,6
Net interest-bearing debt (USD 1000)	3	-34 775	-28 447	-59 478	108 163
No. of employees incl. consultants		3	3	3	4

Notes:

- 1) Equity / total capital
- 2) Current assets / current liabilities
- 3) Interest bearing debt - cash

NEXUS FLOATING PRODUCTION LTD

BALANCE SHEET

(USD 1000)

	Q3	Q4	Q1	Q2
	2006	2006	2007	2007
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	12	27	25	22
Vessels under construction	94 147	97 236	102 916	254 478
Other non-current assets	146	153	146	138
TOTAL NON-CURRENT ASSETS	94 305	97 417	103 086	254 637
CURRENT ASSETS				
Other current assets	36	69	4 687	100 060
Cash and cash equivalents	34 775	28 447	231 197	123 831
TOTAL CURRENT ASSETS	34 812	28 516	235 884	223 891
TOTAL ASSETS	129 116	125 933	338 970	478 529
EQUITY AND LIABILITIES				
SHAREHOLDER'S EQUITY	125 381	125 279	163 238	197 919
LIABILITIES				
Interest bearing loans	0	0	171 719	231 994
TOTAL NON-CURRENT LIABILITIES	0	0	171 719	231 994
CURRENT LIABILITIES				
Trade and other payables	3 083	328	1 047	48 115
Income tax payable	125	197	282	289
Public duties payable	54	39	23	54
Other short-term liabilities	473	89	2 661	158
TOTAL CURRENT LIABILITIES	3 735	653	4 013	48 616
TOTAL LIABILITIES	3 735	653	175 732	280 610
TOTAL EQUITY AND LIABILITIES	129 116	125 933	338 970	478 529

NEXUS FLOATING PRODUCTION LTD

CASH FLOW STATEMENT (USD 1000)	6.5-30.09 2006	Q4 2006	Q1 2007	Q2 2007	Total 2006
CASH FLOW FROM OPERATING ACTIVITIES					
Ordinary profit before taxes	255	-68	-1 901	-966	187
Ordinary depreciation	3	12	16	17	15
Share option program	0	0	824	553	0
Income tax paid	0	0	0	30	0
Changes in debtors and creditors	3 083	-2 755	719	47 068	328
Change in other balance sheet items	492	-393	-2 042	-97 884	99
NET CASH FLOW FROM OPERATING ACTIVITIES	3 833	-3 204	-2 384	-51 183	629
CASH FLOW FROM INVESTING ACTIVITIES					
Vessel under construction	-94 147	-3 089	-5 679	-151 562	-97 236
Investment in other non-current assets	-161	-35	-6	-6	-196
NET CASH FLOW FROM INVESTMENTS ACTIVITIE	-94 308	-3 124	-5 685	-151 568	-97 432
CASH FLOW FROM FINANCIAL ACTIVITIES					
Change of interest bearing loans	0	0	171 719	60 275	0
Incorporation/increase in capital	125 250	0	39 100	35 110	125 250
NET CASH FLOW FROM FINANCIAL ACTIVITIES	125 250	0	210 819	95 385	125 250
NET CASH FLOW	34 775	-6 328	202 750	-107 366	28 447
Cash as at start of period	0	34 775	28 447	231 197	0
Cash as at end of period	34 775	28 447	231 197	123 831	28 447

NEXUS FLOATING PRODUCTION LTD STATEMENT OF CHANGES IN EQUITY

(USD 1000)

	6.5-30.09 2006	Q4 2006	Q1 2007	Q2 2007
Total shareholders equity at beginning of period	0	125 381	125 279	163 238
Profit after taxes for the period	130	-140	-1 986	-1 003
Currency translation difference	2	38	20	21
Incorporation	130 005	0	0	0
Issue of new shares	0	0	40 000	24 922
Convertible bond, equity part	0	0	0	11 494
Equity transaction cost	-4 755	0	-900	-1 305
Share option program	0	0	824	553
Total shareholders equity at end of period	125 381	125 279	163 238	197 919

Disclaimer for forward-Looking Statements

This quarterly 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 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.

Facts about Nexus Floating Production Ltd.:

Nexus, which was incorporated by First Securities and APL on 6 May 2006, has signed Construction Contracts with Samsung, Korea, for the construction and delivery of two Floating Production Storage & Offloading vessel (FPSO), "Nexus 1" and "Nexus 2". The vessels are scheduled for delivery in June 2009 and September 2010. In addition to Nexus 1 and 2, Nexus and Samsung have entered into an Option Agreement concerning construction and delivery of one additional FPSO (the "Option Unit"). Nexus is founded as a Singapore company, governed under Singapore law.

First Securities and APL initiated the "Nexus Floating Production project" in September 2005 based on a vision to create a unique investment opportunity in the anticipation of a favorable market development. The company was listed at the Oslo Børs March 30th, 2007.

APL is a company listed on Oslo Børs, and develops, fabricates and sells advanced systems for offshore production, specializing in storage and transport of oil and gas by ships.

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