

**NEXUS FLOATING  
PRODUCTION LTD  
FINANCIAL REPORT**

**O3 2007**



## Nexus Floating Production Ltd: Third quarter 2007 results

The project development related to the two FPSO's Nexus#1 and Nexus#2 is progressing according to plan. The FPSO market is at a historic peak with several interesting prospects being addressed. Nexus retains its positive market outlook and is confident it will secure attractive contracts for the vessels.

### Nexus key financials (USD thousands)

	Q4/06	Q1/07	Q2/07	Q3/07	YTD 2007	2006
<b>Revenues</b>	145	75	0	118	1993	145
<b>EBITDA</b>	-367	-1248	-1061	-750	-3060	-735
<b>Investment in the ships</b>	97236	102916	254478	264039	264039	97236
<b>Profit before tax</b>	-68	-1901	-1003	384	-2483	-187
<b>Earnings per share</b>	N/A	N/A	N/A	N/A	N/A	N/A

### Company background

Nexus Floating Production Ltd. has been established with the sole purpose of building, owning and operating 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 19, 2006 with Samsung Heavy Industries Ltd. On June 18, 2007, the company signed the contract for the second vessel (Nexus#2) on substantially similar terms as the first. These FPSOs are newbuilds specified for operation in harsh environments. The first vessel will be delivered from the yard in June 2009, and the second in September 2010. The company has also secured an option for a third vessel.

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 MUS\$ 100 to cover parts of the financing through convertible bonds and equity.

### Main events during Q3

Nexus' projects continue its positive development according to plan. The cooperation with the yard, Samsung Heavy Industries is constructive to the benefit of both parties.

The company has in line with the financial strategy avoided any currency issues. The somewhat higher revenues are related to paid studies carried out on behalf of oil companies. The increased activity in this area can be seen in relation to the higher market activity through the third quarter in general. Into the fourth quarter the market interest in Nexus' vessels has remained strong and the company consider this as a positive signal in the efforts to secure contracts for the vessels.

### Project Status

As also reported by the end of the second quarter, all aspects related to the Nexus #1 FPSO project are progressing according to plan. Detail engineering is running according to schedule and major purchasing orders have been placed. Steel fabrication for the hull will commence on November 7, 2007 in accordance with the project plan. The complete FPSO is scheduled to be delivered on June 30, 2009.

The project structure of the Nexus#2 project has been established, and Nexus and Samsung have agreed that no work shall commence on the topside plant before January 1, 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 detail engineering and construction. The activity of the site team at the Samsung yard in Korea is increasing in line with the progress in the project.

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 as for Nexus#1.

### Finance

The financial statements have been prepared in accordance with the

International Financial Reporting Standards (IFRS).

The company had operating income of USD 118' during the reporting period. The income is related to paid studies for specific locations.

The operating expenses in the reporting period were somewhat lower than the previous periods. Operating expenses for the second quarter amounted to MUSD 0.8.

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 third quarter, deposits of MUSD 164. The financial income during the third quarter is interest related to these deposits. A provision for taxes on this interest income has been made.

#### **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, a subsidiary

of BW Offshore, for project execution, building supervision, administrative services, marketing and subsequent operation of the vessels. At the end of the quarter, a total of app 30 persons were employed in the Nexus projects under the frame agreements.

The company's Annual General Meeting on August 28, 2007, decided to carry out changes in the Nexus Board of Directors. Following this the Board of Directors consists of Mr. Finn Bjørnstad, Mr. Carl Krogh Arnet, Mr. Jean-Jacques Royant, Mr. Harry Bitounis and Mr. Svein Moxnes Harfjeld.

At a Board Meeting on September 19, 2007 Mr. Finn Bjørnstad was elected as the company's Chairman and Mr. Carl Krogh Arnet was re-elected as the vice-chairman.

#### **Marketing activities**

The two vessels under order are being marketed world-wide. Market opportunities are actively pursued in all main geographical target areas through bids, paid studies and dialogue with possible clients.

Prospects are targeted globally. 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 vessels are tailor-made for the weather conditions in these areas where FPSO solutions currently are being considered for a handful of field developments. But also the Gulf of Mexico and Australia are regions where the Nexus FPSOs are well suited due to hurricane and typhoon activity.

Paid vessel placement studies have been completed in the period and concept selection decisions are expected over the next months. The North Sea market looks increasingly stronger, and there are several oil fields in need of production facilities from 2009 and onwards.

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. The outlook for employment contracts is promising.

Singapore, 6th November 2007

The Board of Directors

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

**NEXUS FLOATING PRODUCTION LTD**  
**Consolidated figures according to IFRS**

<b>INCOME STATEMENT</b> (USD 1000)	<b>6.5-30.09</b> <b>2006</b>	<b>Q4</b> <b>2006</b>	<b>Q1</b> <b>2007</b>	<b>Q2</b> <b>2007</b>	<b>Q3</b> <b>2007</b>	<b>YTD</b> <b>2007</b>	<b>Total</b> <b>2006</b>
<b>Revenues</b>	<b>0</b>	<b>145</b>	<b>75</b>	<b>0</b>	<b>118</b>	<b>193</b>	<b>145</b>
Cost of sales	45	188	90	0	78	168	234
Employee benefits	129	154	941	566	208	1 715	283
Other operating expenses	194	169	292	496	582	1 370	363
<b>EBITDA <sup>2</sup></b>	<b>-368</b>	<b>-367</b>	<b>-1 248</b>	<b>-1 061</b>	<b>-750</b>	<b>-3 060</b>	<b>-735</b>
Depreciation	3	12	16	17	24	57	15
<b>EBIT <sup>3</sup></b>	<b>-371</b>	<b>-379</b>	<b>-1 264</b>	<b>-1 078</b>	<b>-774</b>	<b>-3 117</b>	<b>-750</b>
Financial income	626	362	425	185	2 977	3 587	988
Financial costs	0	-51	-13	-73	-1 819	-1 905	-51
Other financial items <sup>4</sup>	0	0	-1 049	0	0	-1 049	0
<b>Profit before taxes</b>	<b>255</b>	<b>-68</b>	<b>-1 901</b>	<b>-966</b>	<b>384</b>	<b>-2 483</b>	<b>187</b>
Taxes	-125	-72	-85	-37	-595	-716	-197
<b>Profit after taxes</b>	<b>130</b>	<b>-140</b>	<b>-1 986</b>	<b>-1 003</b>	<b>-211</b>	<b>-3 199</b>	<b>-11</b>
Earnings per share (USD)	0,0096	-0,0104	-0,1459	-0,0590	-0,0111	-0,2160	-0,0008
Diluted earnings per share (USD)	0,0096	-0,0104	-0,1459	-0,0590	-0,0111	-0,2160	-0,0008

<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

<sup>4</sup> Cost related to the IPO

**NEXUS FLOATING PRODUCTION LTD - KEY FIGURES**

		<b>Q3 2006</b>	<b>Q4 2006</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>
Equity ratio	Note 1	97,1 %	99,5 %	48,2 %	41,4 %	45,6 %
Liquidity ratio	2	9,3	43,6	58,8	4,6	51,7
Net interest-bearing debt (USD 1000)	3	-34 775	-28 447	-59 478	108 163	68 842
No. of employees incl. consultants		3	3	3	4	4

**Notes:**

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

**NEXUS FLOATING PRODUCTION LTD**

**BALANCE SHEET**

(USD 1000)

	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
	<b>2006</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Intangible assets	12	27	25	22	20
Vessels under construction	94 147	97 236	102 916	254 478	264 039
Other non-current assets	146	153	146	138	251
<b>TOTAL NON-CURRENT ASSETS</b>	<b>94 305</b>	<b>97 417</b>	<b>103 086</b>	<b>254 637</b>	<b>264 310</b>
<b>CURRENT ASSETS</b>					
Other current assets	36	69	4 687	100 060	5 588
Cash and cash equivalents	34 775	28 447	231 197	123 831	164 097
<b>TOTAL CURRENT ASSETS</b>	<b>34 812</b>	<b>28 516</b>	<b>235 884</b>	<b>223 891</b>	<b>169 685</b>
<b>TOTAL ASSETS</b>	<b>129 116</b>	<b>125 933</b>	<b>338 970</b>	<b>478 529</b>	<b>433 996</b>
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS EQUITY</b>	<b>125 381</b>	<b>125 279</b>	<b>163 238</b>	<b>197 919</b>	<b>197 776</b>
<b>LIABILITIES</b>					
Interest bearing loans	0	0	171 719	231 994	232 938
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>171 719</b>	<b>231 994</b>	<b>232 938</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	3 083	328	1 047	48 115	949
Income tax payable	125	197	282	289	884
Public duties payable	54	39	23	54	40
Other short-term liabilities	473	89	2 661	158	1 408
<b>TOTAL CURRENT LIABILITIES</b>	<b>3 735</b>	<b>653</b>	<b>4 013</b>	<b>48 616</b>	<b>3 281</b>
<b>TOTAL LIABILITIES</b>	<b>3 735</b>	<b>653</b>	<b>175 732</b>	<b>280 610</b>	<b>236 219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>129 116</b>	<b>125 933</b>	<b>338 970</b>	<b>478 529</b>	<b>433 996</b>

**NEXUS FLOATING PRODUCTION LTD**

<b>CASH FLOW STATEMENT</b>	<b>6.5-30.09</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Total</b>
(USD 1000)	<b>2006</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Ordinary profit before taxes	255	-68	-1 901	-966	384	187
Ordinary depreciation	3	12	16	17	24	15
Share option program	0	0	824	553	105	0
Income tax paid	0	0	0	30	0	0
Changes in debtors and creditors	3 083	-2 755	719	47 068	-47 166	328
Change in other balance sheet items	492	-393	-2 042	-97 884	95 765	99
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3 833</b>	<b>-3 204</b>	<b>-2 384</b>	<b>-51 183</b>	<b>49 112</b>	<b>629</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Vessel under construction	-94 147	-3 089	-5 679	-151 562	-9 562	-97 236
Investment in other non-current assets	-161	-35	-6	-6	-136	-196
<b>NET CASH FLOW FROM INVESTMENTS ACTIVITIES</b>	<b>-94 308</b>	<b>-3 124</b>	<b>-5 685</b>	<b>-151 568</b>	<b>-9 697</b>	<b>-97 432</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>						
Change of interest bearing loans	0	0	171 719	60 275	945	0
Incorporation/increase in capital	125 250	0	39 100	35 110	-93	125 250
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>125 250</b>	<b>0</b>	<b>210 819</b>	<b>95 385</b>	<b>852</b>	<b>125 250</b>
<b>NET CASH FLOW</b>	<b>34 775</b>	<b>-6 328</b>	<b>202 750</b>	<b>-107 366</b>	<b>40 266</b>	<b>28 447</b>
Cash as at start of period	0	34 775	28 447	231 197	123 831	0
<b>Cash as at end of period</b>	<b>34 775</b>	<b>28 447</b>	<b>231 197</b>	<b>123 831</b>	<b>164 097</b>	<b>28 447</b>

**NEXUS FLOATING PRODUCTION LTD**  
**STATEMENT OF CHANGES IN EQUITY**

(USD 1000)

	6.5-30.09 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Total shareholders equity at beginning of period	0	125 381	125 279	163 238	197 919
Profit after taxes for the period	130	-140	-1 986	-1 003	-211
Currency translation difference	2	38	20	21	57
Incorporation	130 005	0	0	0	0
Issue of new shares	0	0	40 000	24 922	0
Convertible bond, equity part	0	0	0	11 494	0
Equity transaction cost	-4 755	0	-900	-1 305	-93
Share option program	0	0	824	553	105
<b>Total shareholders equity at end of period</b>	<b>125 381</b>	<b>125 279</b>	<b>163 238</b>	<b>197 919</b>	<b>197 776</b>

**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 30<sup>th</sup>, 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.

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

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