

**NEXUS FLOATING
PRODUCTION LTD
FINANCIAL REPORT
THIRD QUARTER 2008**



Nexus Floating Production Ltd: Third quarter 2008 results

The Nexus#1 building project is progressing according to plan. The work with an employment contract for Burgundy Global Exploration Corporation in the Philippines is developing according to expectations. The vessels attract interest from a number of potential clients, confirming an active market in deeper waters. The Nexus#2 FPSO is scheduled for delivery in May 2011. The main challenge in the months to come is to solve the financing issues for this project.

Nexus key financials (USD thousands)

| | Q308 | Q208 | Q108 | Q407 | 2007 |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenues | 56 | 247 | 62 | 0 | 193 |
| EBITDA | -577 | -882 | -919 | -1 218 | -4 278 |
| Investment in the ships | 552 472 | 508 390 | 296 189 | 274 889 | 274 889 |
| Profit before tax | -96 | -742 | -60 | -423 | -2 906 |
| Earnings per share | N/A | N/A | N/A | N/A | N/A |

Main events during Q3

In July the company announced the award of a Letter of Intent (LOI) from Burgundy Global Exploration Corporation for the lease of the Nexus#1 FPSO. The contract is for a period of seven years with first oil scheduled for the first quarter 2010. The LOI is for the Camago Malampaya Oil Leg project offshore the Philippines.

The company has decided to postpone the delivery of Nexus#2 to May 31, 2011. The main reason for this was to adjust the delivery of the vessel to the expected maturity of several field development projects in the company's target areas.

During the third quarter the company has completed paid placement study work.

The company also decided to award a mandate letter to an international shipping and offshore bank arranging a loan facility for the financing of the construction of Nexus #2.

Project Status

The Nexus#1 construction project is progressing according to plan. The vessel has been moved quayside for completion. The

construction work for the top-side is progressing according to plan, and installation of modules has started.

The day-to-day project management is run from Arendal in Norway, by a project team consisting of personnel from Nexus Floating Production Norge AS and APL ASA (a company in the BW Offshore Group). Nexus has a frame agreement with APL ASA for technical support and building supervision through the construction phases.

Samsung Heavy Industries is responsible for detail engineering and construction.

Nexus has high expectations regarding the builder's HSE performance and the follow-up of this work is an important task for the Nexus site team, in addition to the inspections on quality related issues. By the end of the third quarter with 2 million hours worked, no lost time injuries have been reported on the Nexus projects.

Advanced Production and Loading AS (a company in the BW Offshore Group) has a contract for delivery of turret, mooring and swivel systems.

The progress of the Nexus#2 project has been aligned to the

revised schedule and is progressing according to plan.

Advanced Production and Loading AS (a company in the BW Offshore Group) has also been awarded the contract for the turret mooring system for Nexus#2.

Finance

The company had operating of USD 56 thousand in the third quarter of 2008, and USD 365 thousand for the nine months accumulated. The income is generated from study work for oil companies.

By the end of the third quarter the operating expenses have decreased compared to 2007 and amounted to USD 2 505 thousand for 2008 and USD 3 085 thousand for 2007.

By the end of the quarter the company had cash deposits of USD 38.4 million, and not drawn credit facilities of USD 170.0 million.

The company will need additional financing to meet its financial obligations due in March 2009. The recent development in the international financial markets has made the financing more challenging. Consequently the company is pursuing alternative solutions to meet its financial obligations.

Organisation

The company is managed by Nexus Floating Production Norge AS, and this 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

Further the company has frame agreements with APL ASA (a company in the BW Offshore Group) for project execution, building supervision, administrative services, marketing and subsequent operation of the

vessels. A total of approximately 50 persons are employed in the Nexus projects under the frame agreements.

Marketing activities

In July Nexus signed a letter of intent with Burgundy Global Exploration Corporation for employment of the Nexus#1 FPSO at the Camago Malampaya Oil Leg project offshore the Phillipines. A firm contract is expected within the end of this year.

The two contracted vessels are being marketed world-wide through bids, paid studies and dialogue with possible clients.

The intended locations for vessel contracts are harsh environments like the North Sea, the Atlantic West of Shetland and East of Canada, the Norwegian Sea and the Barents Sea. Also areas of hurricanes as the Gulf of Mexico, and typhoon infested areas like Australia and South East Asia are regions where the Nexus FPSOs are well suited. The vessels are tailor-made for the weather conditions in these areas.

The long term demand for FPSOs looks promising due to exploration activities in deeper waters and remote areas, where FPSOs often are the chosen development solution.

Singapore, 29th October 2008

The Board of Directors

Consolidated figures¹ (in USD 1000)

| INCOME STATEMENT (USD 1000) | Q3 2007 | Q4 2007 | Q1 2008 | Q2 2008 | Q3 2008 | YTD 2008 |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Revenues | 118 | 0 | 62 | 247 | 56 | 365 |
| Cost of sales | 78 | 179 | 85 | 138 | 16 | 239 |
| Employee benefits | 208 | 861 | 242 | 197 | 116 | 555 |
| Other operating expenses | 582 | 178 | 654 | 795 | 502 | 1 950 |
| EBITDA² | -750 | -1218 | -919 | -882 | -577 | -2380 |
| Depreciation | 24 | 14 | 20 | 21 | 14 | 55 |
| EBIT³ | -774 | -1232 | -940 | -903 | -592 | -2435 |
| Financial income | 2977 | -43 | 1197 | 425 | 544 | 2 166 |
| Financial costs | -1819 | 879 | -317 | -264 | -48 | -629 |
| Other financial items ⁴ | 0 | -26 | 0 | 0 | 0 | 0 |
| Profit before taxes | 384 | -423 | -60 | -742 | -96 | -899 |
| Taxes | -595 | 674 | -0,4 | 4 | -17 | -13 |
| Profit after taxes | -211 | 251 | -61 | -738 | -113 | -912 |
| Earnings per share (USD) | -0,0111 | 0,0132 | -0,0032 | -0,0387 | -0,0059 | -0,0419 |
| Diluted earnings per share (USD) | -0,0111 | 0,0132 | -0,0032 | -0,0387 | -0,0059 | -0,0419 |

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

| BALANCE SHEET | 30.09 | 31.12 | 31.03 | 30.06 | 30.09 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (USD 1000) | 2007 | 2007 | 2008 | 2008 | 2008 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Intangible assets | 20 | 20 | 19 | 15 | 11 |
| Vessels under construction | 264 039 | 274 889 | 296 189 | 508 390 | 552 472 |
| Other non-current assets | 251 | 232 | 230 | 211 | 168 |
| Pension funds | - | 2 | 2 | 2 | 2 |
| TOTAL NON-CURRENT ASSETS | 264 310 | 275 143 | 296 440 | 508 618 | 552 652 |
| CURRENT ASSETS | | | | | |
| Other current assets | 5 588 | 5 643 | 4 781 | 3 751 | 14 864 |
| Cash and cash equivalents | 164 097 | 153 733 | 134 374 | 26 264 | 38 391 |
| TOTAL CURRENT ASSETS | 169 685 | 159 375 | 139 155 | 30 015 | 53 255 |
| TOTAL ASSETS | 433 996 | 434 518 | 435 595 | 538 633 | 605 907 |
| EQUITY AND LIABILITIES | | | | | |
| SHAREHOLDERS EQUITY | 197 776 | 195 923 | 195 991 | 195 288 | 195 003 |
| LIABILITIES | | | | | |
| Interest bearing loans | 232 938 | 233 678 | 234 434 | 235 206 | 385 995 |
| Pension liability | - | 177 | 189 | 189 | 163 |
| Deferred tax liability | - | 2 065 | 2 065 | 2 065 | 2 065 |
| TOTAL NON-CURRENT LIABILITIES | 232 938 | 235 921 | 236 688 | 237 460 | 388 224 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 949 | 967 | 1 125 | 104 194 | 21 126 |
| Income tax payable | 884 | 210 | 213 | 217 | 213 |
| Public duties payable | 40 | 72 | 52 | 120 | 42 |
| Other short-term liabilities | 1 408 | 1 426 | 1 525 | 1 355 | 1 300 |
| TOTAL CURRENT LIABILITIES | 3 281 | 2 674 | 2 915 | 105 886 | 22 681 |
| TOTAL LIABILITIES | 236 219 | 238 595 | 239 603 | 343 346 | 410 904 |
| TOTAL EQUITY AND LIABILITIES | 433 996 | 434 518 | 435 595 | 538 633 | 605 907 |

NEXUS FLOATING PRODUCTION LTD - KEY FIGURES

| | | 30.09 | 31.12 | 31.03 | 30.06 | 30.09 |
|--------------------------------------|------|--------------|--------------|--------------|--------------|--------------|
| | | 2007 | 2007 | 2008 | 2008 | 2008 |
| | Note | | | | | |
| Equity ratio | 1 | 45,6 % | 45,1 % | 45,0 % | 36,3 % | 32,2 % |
| Liquidity ratio | 2 | 51,7 | 59,6 | 47,7 | 0,3 | 2,3 |
| Net interest-bearing debt (USD 1000) | 3 | 68 842 | 79 946 | 100 060 | 208 942 | 347 604 |
| No. of employees incl. consultants | | 4 | 4 | 4 | 4 | 4 |

NEXUS FLOATING PRODUCTION LTD

| | Q3 | Q4 | Q1 | Q2 | Q3 | YTD |
|--|----------------|----------------|----------------|-----------------|----------------|-----------------|
| | 2007 | 2007 | 2008 | 2008 | 2008 | 2008 |
| CASH FLOW STATEMENT | | | | | | |
| (USD 1000) | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Ordinary profit before taxes | 384 | -423 | -60 | -742 | -96 | -898 |
| Ordinary depreciation | 24 | 14 | 20 | 21 | 14 | 56 |
| Share option program | 105 | 92 | 92 | 54 | 13 | 159 |
| Income tax paid | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in debtors and creditors | -47 166 | 18 | 159 | 103 069 | -83 068 | 20 159 |
| Change in other balance sheet items | 95 765 | 2 243 | 992 | 916 | -11 396 | -9 488 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 49 112 | 1 944 | 1 203 | 103 318 | -94 532 | 9 988 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Vessel under construction | -9 562 | -10 850 | -21 300 | -212 201 | -44 082 | -277 583 |
| Investment in other non-current assets | -136 | 3 | -18 | 2 | 44 | 28 |
| NET CASH FLOW FROM INVESTMENTS ACTIVITIES | -9 697 | -10 847 | -21 317 | -212 199 | -44 039 | -277 555 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | | | | |
| Change of interest bearing loans | 945 | 740 | 756 | 772 | 150 789 | 152 317 |
| Incorporation/increase in capital | -93 | -2 201 | 0 | 0 | 0 | 0 |
| NET CASH FLOW FROM FINANCIAL ACTIVITIES | 852 | -1 461 | 756 | 772 | 150 789 | 152 317 |
| NET CASH FLOW | 40 266 | -10 364 | -19 359 | -108 109 | 12 218 | -115 250 |
| Cash as at start of period | 123 831 | 164 097 | 153 733 | 134 374 | 26 264 | 153 733 |
| Cash as at end of period | 164 097 | 153 733 | 134 374 | 26 264 | 38 391 | 38 391 |

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

(USD 1000)

| | Q3 2007 | Q4 2007 | Q1 2008 | Q2 2008 | Q3 2008 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total shareholders equity at beginning of period | 197 919 | 197 776 | 195 923 | 195 991 | 195 288 |
| Profit after taxes for the period | -211 | 251 | -61 | -738 | -113 |
| Currency translation difference | 57 | -73 | 50 | -20 | -184 |
| Incorporation | 0 | 0 | 0 | 0 | 0 |
| Issue of new shares | 0 | 0 | 0 | 0 | 0 |
| Convertible bond, equity part | 0 | -2 065 | 0 | 0 | 0 |
| Equity transaction cost | -93 | -136 | 0 | 0 | 0 |
| Share option program | 105 | 169 | 78 | 54 | 13 |
| Total shareholders equity at end of period | 197 776 | 195 923 | 195 991 | 195 288 | 195 004 |

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.

Facts about Nexus Floating Production Ltd.:

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, 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 first vessel was contracted on June 19, 2006 with Samsung Heavy Industries Ltd. On June 18, 2007, the company signed the contract for the second vessel on substantially similar terms as the first. These FPSOs are new builds specified for operation in harsh environments. The first vessel will be delivered from the yard in June 2009, and the second in May 2011.

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

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