

**NEXUS FLOATING  
PRODUCTION LTD**

**FINANCIAL REPORT**

**FIRST QUARTER 2009**



## Nexus Floating Production Ltd: First quarter 2009 results

The Nexus#1 building project is progressing according to plan, and the project is fully financed. The FPSO market conditions are challenging with only a limited number of contract opportunities in the short term. The harsh environment segment of the market is characterised by projects being delayed or cancelled, and the company is preparing for a lay-up period after delivery of the Nexus#1 FPSO.

### Nexus key financials (USD thousands)

	Q109	Q408	Q308	Q208	Q108	2009	2008
Revenues	0	0	56	247	62	0	365
EBITDA	-619	-95 962	-577	-883	-919	-619	-3 341
Investment in the ships	496 122	477 762	552 472	508 390	296 189	496 122	572 762
Profit before tax	-541	-95 512	-96	-742	-60	-541	-96 411
Earnings per share	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Subsequent events

On April 7, 2009 Nexus announced that based on the marketing agreement between Nexus and APL (a company in the BW Offshore Group), Premier Oil Vietnam Offshore B.V. ("Premier Oil") and BW Offshore Singapore Pte. Ltd. had signed a Letter of Understanding ("LOU") for the chartering of the Nexus#1 FPSO offshore Vietnam. Nexus gave its authorization to BW Offshore Singapore Pte. Ltd. to execute the LOU with the aim of reaching a firm charter agreement with Premier Oil.

The charter agreement was conditional upon a substantial financial restructuring of the company. Pareto Securities AS was retained to investigate potential strategic alternatives for the company.

The potential employment contract with Premier Oil in Vietnam was viewed as the only option to secure a commitment for Nexus#1 prior to delivery from the yard.

In order to avoid a lay-up scenario the company presented a restructuring plan to be discussed between BW Offshore, the bank providing the 1<sup>st</sup> lien construction

facility, the holders of the 2<sup>nd</sup> lien USD 175 million bond loan and the USD 75 million convertible bond loan with the aim of meeting the contractual requirements of Premier Oil.

The LOU with Premier Oil expired May 4, 2009 without the parties being able to agree to the restructuring plan.

As a result, Nexus 1 is likely to be without firm employment at delivery from the yard. The company is consequently preparing for a lay-up period for Nexus #1 after delivery from the yard. The company will discuss the financing of the lay up period with the bank and the bond holders.

The Company assisted by Pareto Securities continues the work to investigate strategic alternatives for the company on close dialogue with bond holders and the bank.

### Project Status

The Nexus#1 construction project is progressing according to plan and the contract, and will be delivered without certain field specific investments installed.

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 project execution, technical support and building supervision through the construction phases.

Samsung Heavy Industries is responsible for detail engineering, construction and commissioning.

The site team at the yard in Korea consists of 25 persons following up the construction work.

In February the commissioning of the vessel started, and will continue until delivery.

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. By the end of the first quarter no lost time injuries have been reported on the Nexus#1 project. More than 2.4 million hours have been worked.

Advanced Production and Loading AS (a company in the BW Offshore Group) has a contract for

delivery of turret, mooring and swivel systems.

### **Finance**

The company had no operating income in the first quarter of 2009.

The total operating cost was USD 0.6 million, which is USD 0.3 million lower than the previous quarter and also USD 0.3 million lower than the same quarter in 2008.

At the end of the quarter the company had cash deposits of USD 15.6 million, and not drawn credit facilities of USD 150.0 million.

In order to ensure compliance with the bank loan agreement the company must demonstrate sufficient funds for operation from delivery to final maturity of the bank loan on January 15, 2010. At present such funds are not in place. In order to meet the covenants in the bank loan agreement the funds need to be secured prior to the final draw down at delivery of the FPSO

The company will need additional funding to cover the running operational costs including interest and lay-up costs. The Board of

Directors is currently pursuing alternative financial strategies in order to solve the need for additional funding, and to secure delivery of the vessel.

The Board wishes to emphasize that if the work of establishing a financial strategy fails within the required time frame, there could be uncertainty as to whether the Company will have the ability to continue as a going concern.

### **Organisation**

The company is managed by Nexus Floating Production Norge AS.

Further the company has frame agreements with APL ASA (a company in the BW Offshore Group) for marketing, project execution, building supervision, administrative services, and subsequent operation of the vessels. A total of approximately 50 persons are employed in the Nexus projects under these frame agreements.

### **Marketing activities**

Short term market conditions are challenging. The number of FPSO contracts to be awarded in 2009 is very limited. The credit crisis, the development of the global economy and the lower oil price have resulted in delays and cancellations of several oil field developments.

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 harsh environment segment of the market is characterised by projects being delayed or cancelled, and the company is preparing for a lay-up period after delivery of the Nexus#1 FPSO.

The operators have accumulated a backlog of projects that are likely to move forward on improved market conditions. The exploration activities in deeper waters and remote areas where FPSOs often are the chosen development solution are expected to continue.

Singapore, 19<sup>th</sup> May 2009

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>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>Q1 2009</b>	<b>Total 2008</b>
<b>Revenues</b>	<b>62</b>	<b>247</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>365</b>
Cost of sales	85	138	7	95 007	0	95 237
Employee benefits	242	197	116	213	196	767
Other operating expenses	654	795	511	742	423	2 701
<b>EBITDA <sup>2</sup></b>	<b>-919</b>	<b>-883</b>	<b>-577</b>	<b>-95 962</b>	<b>-619</b>	<b>-98 341</b>
Depreciation	20	21	14	4	15	59
<b>EBIT <sup>3</sup></b>	<b>-940</b>	<b>-903</b>	<b>-592</b>	<b>-95 965</b>	<b>-634</b>	<b>-98 400</b>
Financial income	1197	425	544	514	93	2 680
Financial costs	-317	-264	-48	-62	0	-691
<b>Profit before taxes</b>	<b>-60</b>	<b>-742</b>	<b>-96</b>	<b>-95 512</b>	<b>-541</b>	<b>-96 411</b>
Taxes	-0,4	4	-17	638	-51	625
<b>Profit after taxes</b>	<b>-61</b>	<b>-738</b>	<b>-113</b>	<b>-94 874</b>	<b>-592</b>	<b>-95 786</b>
Earnings per share (USD)	-0,0032	-0,0387	-0,0059	-4,9804	-0,0311	-5,0282
Diluted earnings per share (USD)	-0,0032	-0,0387	-0,0059	-4,9804	-0,0311	-5,0282

<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

**NEXUS FLOATING PRODUCTION LTD**

<b>BALANCE SHEET</b>	<b>31.03</b>	<b>30.06</b>	<b>30.09</b>	<b>31.12</b>	<b>31.03</b>
(USD 1000)	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2009</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Intangible assets	19	15	11	10	8
Vessels under construction	296 189	508 390	552 472	477 762	496 122
Other non-current assets	230	211	168	138	126
Pension funds	2	2	2	39	39
<b>TOTAL NON-CURRENT ASSETS</b>	<b>296 440</b>	<b>508 618</b>	<b>552 652</b>	<b>477 949</b>	<b>496 295</b>
<b>CURRENT ASSETS</b>					
Other current assets	4 781	3 751	14 864	2 358	1 767
Cash and cash equivalents	134 374	26 264	38 391	10 919	15 652
<b>TOTAL CURRENT ASSETS</b>	<b>139 155</b>	<b>30 015</b>	<b>53 255</b>	<b>13 277</b>	<b>17 419</b>
<b>TOTAL ASSETS</b>	<b>435 595</b>	<b>538 633</b>	<b>605 907</b>	<b>491 226</b>	<b>513 714</b>
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS EQUITY</b>	<b>195 991</b>	<b>195 288</b>	<b>195 003</b>	<b>100 069</b>	<b>99 490</b>
<b>LIABILITIES</b>					
Interest bearing loans	234 434	235 206	385 995	386 802	407 626
Pension liability	189	189	163	0	0
Deferred tax liability	2 065	2 065	2 065	1 461	1 461
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>236 688</b>	<b>237 460</b>	<b>388 224</b>	<b>388 263</b>	<b>409 087</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	1 125	104 194	21 126	1 157	3 526
Income tax payable	213	217	213	92	38
Public duties payable	52	120	42	163	45
Other short-term liabilities	1 525	1 355	1 300	1 481	1 527
<b>TOTAL CURRENT LIABILITIES</b>	<b>2 915</b>	<b>105 886</b>	<b>22 681</b>	<b>2 894</b>	<b>5 136</b>
<b>TOTAL LIABILITIES</b>	<b>239 603</b>	<b>343 346</b>	<b>410 904</b>	<b>391 156</b>	<b>414 223</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>435 595</b>	<b>538 633</b>	<b>605 907</b>	<b>491 226</b>	<b>513 714</b>

**NEXUS FLOATING PRODUCTION LTD - KEY FIGURES**

		<b>31.03 2008</b>	<b>30.06 2008</b>	<b>30.09 2008</b>	<b>31.12 2008</b>	<b>31.03 2009</b>
	Note					
Equity ratio	1	45,0 %	36,3 %	32,2 %	20,4 %	19,4 %
Liquidity ratio	2	47,7	0,3	2,3	4,6	3,4
Net interest-bearing debt (USD 1000)	3	100 060	208 942	347 604	375 882	391 974
No. of employees incl. consultants		4	4	4	4	4

**Notes:**

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

**NEXUS FLOATING PRODUCTION LTD**

<b>CASH FLOW STATEMENT</b> (USD 1000)	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>Q1 2009</b>	<b>Total 2008</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Ordinary profit before taxes	-60	-742	-96	-95 512	-541	-96 411
Ordinary depreciation	20	21	14	4	15	60
Impairment	0	0	0	95 000	0	95 000
Share option program	66	54	13	10	10	143
Income tax paid	0	0	0	-210	-54	-210
Interest income	-479	-479	-479	-479	-93	-1 916
Interest cost	103	103	103	103	0	413
Changes in debtors and creditors	159	103 069	-83 068	-19 969	2 369	190
Change in other balance sheet items	1 000	918	-11 444	12 690	469	3 164
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>809</b>	<b>102 944</b>	<b>-94 956</b>	<b>-8 364</b>	<b>2 175</b>	<b>433</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Vessel under construction	-21 300	-212 201	-44 082	-20 290	-18 360	-297 873
Investment in other non-current assets	0	0	0	0	0	0
<b>NET CASH FLOW FROM INVESTMENTS ACTIVITIES</b>	<b>-21 300</b>	<b>-212 201</b>	<b>-44 082</b>	<b>-20 290</b>	<b>-18 360</b>	<b>-297 873</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>						
Interest received	479	479	479	479	93	1 916
Change of interest bearing loans	756	772	150 789	807	20 824	153 124
Interest paid and capitalized	-103	-103	-103	-103	0	-413
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>1 132</b>	<b>1 148</b>	<b>151 165</b>	<b>1 182</b>	<b>20 917</b>	<b>154 627</b>
<b>NET CASH FLOW</b>	<b>-19 359</b>	<b>-108 109</b>	<b>12 127</b>	<b>-27 472</b>	<b>4 732</b>	<b>-142 813</b>
Cash as at start of period	153 733	134 374	26 264	38 391	10 919	153 733
<b>Cash as at end of period</b>	<b>134 374</b>	<b>26 264</b>	<b>38 391</b>	<b>10 919</b>	<b>15 652</b>	<b>10 919</b>

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

(USD 1000)

	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>Q1 2009</b>
Total shareholders equity at beginning of period	195 923	195 991	195 288	195 003	100 069
Profit after taxes for the period	-61	-738	-113	-94 874	-592
Currency translation difference	50	-20	-185	-70	4
Incorporation	0	0	0	0	0
Issue of new shares	0	0	0	0	0
Convertible bond, equity part	0	0	0	0	0
Equity transaction cost	0	0	0	0	0
Share option program	78	54	13	10	10
<b>Total shareholders equity at end of period</b>	<b>195 991</b>	<b>195 288</b>	<b>195 003</b>	<b>100 069</b>	<b>99 490</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.

**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.

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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