

NEXUS FLOATING PRODUCTION LTD

FINANCIAL REPORT

SECOND QUARTER

FIRST HALF YEAR

2009



Nexus Floating Production Ltd: Second quarter 2009 results

The Nexus#1 FPSO was completed by Samsung Heavy Industries on 27 July 2009. Due to lack of employment contract for the vessel Nexus, has agreed with Samsung to defer effective delivery to January 2010. Title to the vessel will remain with Samsung until such date. The FPSO market conditions remain challenging with only a limited number of contract opportunities in the short term. Due to the company's financial constraints and lack of employment contract for the FPSO, the interest payments for the company's two Bond Loans have been deferred. The Company is currently not able to meet its financial commitments, and is dependant upon agreement with its creditors to defer payments and to finance its working capital need throughout a layup period.

Nexus key financials (USD thousands)

	Q2 09	Q2 08	YTD 09	YTD 08	2008
Revenues	103	247	103	309	365
EBITDA	-858	-882	-1 477	-1 802	-3 341
Investment in the ships	507 885	508 390	507 885	508 390	572 762
Profit before tax	-791	-742	-1 332	-802	-96 411
Earnings per share	N/A	N/A	N/A	N/A	N/A

Key events

The Nexus 1 FPSO was completed and first stage of delivery was accomplished on 27 July 2009. The vessel will under an agreement with Samsung stay at the Samsung Yard for 6 months, and Samsung will have the responsibility for lay-up and preservation during this period. A part of the fifth installment has been paid on delivery, and the remaining amount will be paid on the effective delivery date in January 2010.

The total cost for the project was within the budget of USD 665 million. The budget did not include for lay-up cost. As Nexus 1 has no contract the Company has initiated discussions with its creditors. Pareto Securities has been mandated to advise the company in this situation that has been going on since the spring 2009.

Bondholders of the 2 priority USD 175 million loan and the convertible USD 75 million loan have, based on a standstill agreement with the banks, agreed to several deferrals of interest payments. Originally USD 4.6 mill was due 9 June for the USD 175 mill second lien bond loan,

and USD 1.1 mill was due 25 June. The latest deferral is until 30 September for the USD 4.6 mill and 1 October for the USD 1.1 mill interest. In the same bondholder meeting the bondholders agreed to increase the headroom for the total bank facility from USD 320 million to USD 340 million. Furthermore the bondholders gave the Loan Trustee a Power of Attorney to further defer the interest payments on a monthly basis. This is subject to agreement by the banks for financing of the Company's working capital need on a monthly basis.

During the second quarter the Company has completed paid placement study work for the Nexus 1 FPSO.

Project Status

The Vessel was completed on 27 July 2009. A post-completion project team at site will follow up the lay-up and preservation performed by Samsung until final delivery takes place in January 2010. This team will also monitor close out of activities of certain agreed carry-over work to be performed by Samsung.

The day-to-day project management will continue to be run from Arendal in Norway, by a project team consisting of personnel from Nexus Floating Production Norge AS and APL AS (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 has worked more than 2,5 million hours to complete the FPSO without any lost time injuries. There has been no major HSE incidents.

Advanced Production and Loading AS (a company in the BW Offshore Group) has a contract for delivery of the turret, mooring and swivel systems. The work on these items has been deferred until a commitment for the vessel is in place

Finance

The Company had an operating income of USD 103 thousand in the second quarter of 2009 and also for the first half year. In 2008, the income for the second quarter was USD 247 thousand and USD

309 thousand for the first half year. The income is generated from study work for oil companies.

The operating cost is lower compared to 2008 and amounted to USD 0.9 million in the second quarter of 2009, and USD 1.5 million in the first half year, compared to USD 1.0 million in the second quarter 2008 and USD 1.9 million in the first half year.

By the end of the quarter the company had cash deposits of USD 9.2 million, and not drawn credit facilities of USD 150.0 million.

As the company presently is unable to pay the interest on the bond loans when they fall due, the interest bearing loans are reclassified from non-current liabilities to current liabilities.

The company is seeking additional funding to cover the running operational costs including interest and lay-up costs. This is challenging, and the Board wishes to emphasize that 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 AS (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 have been employed in the Nexus projects under these frame agreements.

Marketing activities/Outlook

Short term market conditions are challenging. The number of FPSO contracts to be awarded in 2009 is limited. The credit crisis and the development of the global economy have resulted in delays

and cancellations of several oil field developments.

The intended locations for vessel contracts are in harsh environment such as the North Sea, the Atlantic West of Shetland and East of Canada, the Norwegian Sea and the Barents Sea. Also hurricane and typhoon infested areas like the Gulf of Mexico, 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.

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.

The Company is working on several different commercial opportunities that may result in long term contracts or a sale of the Nexus#1 FPSO.

Major transactions with related parties

Note 13 in the annual report for 2008 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 2008.

Key Risks

As the Company has not been able to secure a contract for the Nexus#1 FPSO vessel, the key risk is the Company's ability to negotiate with bondholders and banks in order to finance its commitments through a lay-up period. Interest payments of USD 5.7 million for the bond loans due in June has been deferred until late September. Another USD 5.7 million of bond loan interest will fall due in September 2009.

Further deferrals are subject to agreement with the banks to finance the working capital need. It is a substantial risk that the bondholders and the banks fail to agree to continue to fund the commitments of the Company.

The Board is pursuing all opportunities for a financial solution for the Company. The outcome of this is uncertain and might result in a situation where the value of the vessel could be lower than the book value.

Please also refer to risk factors as described in Nexus' annual report for 2008. The Company as set out herein has not identified any significant changes in the risk factors described in the 2008 Annual Report.

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 2008. 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 2009 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 25, 2009

The Board of Directors

Finn Bjørnstad
Chairman

Carl K. Arnet
Vice-Chairman

Harry J. Bitounis
Director

Jean-Jacques Royant
Director

Knut R. Sæthre
Director

Consolidated figures¹ (in USD 1000)

NEXUS FLOATING PRODUCTION LTD

Consolidated figures according to IFRS

INCOME STATEMENT (USD 1000)	Q2 2009	Q2 2008	YTD 2009	YTD 2008	2008
Revenues	103	247	103	309	365
Cost of sales	72	138	72	223	95 237
Employee benefits	397	197	593	439	767
Other operating expenses	492	795	915	1 449	2 701
EBITDA ²	-858	-882	-1 477	-1 802	-98 341
Depreciation	17	21	32	41	59
EBIT ³	-875	-903	-1 509	-1 843	-98 400
Financial income	84	425	177	1 621	2 680
Financial costs	0	-264	0	-581	-691
Other financial items	0	0	0	0	0
Profit before taxes	-791	-742	-1 332	-802	-96 411
Taxes	-72	4	-123	4	625
Profit after taxes	-863	-738	-1 455	-798	-95 786
Earnings per share (USD)	-0,0453	-0,0387	-0,0764	-0,0419	-5,0282
Diluted earnings per share (USD)	-0,0453	-0,0387	-0,0764	-0,0419	-5,0282

¹ The figures are not audited

² Earnings before interest, taxes, depreciation and amortisation

³ Earnings before interest and taxes

NEXUS FLOATING PRODUCTION LTD

BALANCE SHEET

(USD 1000)

	30.06 2009	30.06 2008	31.12 2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	15	10
Vessels under construction	507 885	508 390	477 762
Other non-current assets	122	211	138
Pension funds	42	2	39
TOTAL NON-CURRENT ASSETS	508 055	508 618	477 949
CURRENT ASSETS			
Other current assets	2 849	3 751	2 358
Cash and cash equivalents	9 264	26 264	10 919
TOTAL CURRENT ASSETS	12 113	30 015	13 277
TOTAL ASSETS	520 168	538 633	491 226
EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY	98 694	195 288	100 069
LIABILITIES			
Interest bearing loans	0	235 206	386 802
Pension liability	0	189	0
Deferred tax liability	1 462	2 065	1 461
TOTAL NON-CURRENT LIABILITIES	1 462	237 460	388 263
CURRENT LIABILITIES			
Trade and other payables	0	104 194	1 157
Interest bearing loans	413 995	0	0
Income tax payable	98	217	92
Public duties payable	54	120	163
Other short-term liabilities	5 865	1 355	1 481
TOTAL CURRENT LIABILITIES	420 012	105 886	2 894
TOTAL LIABILITIES	421 474	343 346	391 157
TOTAL EQUITY AND LIABILITIES	520 168	538 633	491 226

NEXUS FLOATING PRODUCTION LTD - KEY FIGURES

		30.06 2008	30.06 2008	31.12 2008
	Note			
Equity ratio	1	19,0 %	36,3 %	20,4 %
Liquidity ratio	2	0,0	0,3	4,6
Net interest-bearing debt (USD 1000)	3	404 731	208 942	375 883
No. of employees incl. consultants		4	4	4

Notes:

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

NEXUS FLOATING PRODUCTION LTD

CASH FLOW STATEMENT

(USD 1000)

CASH FLOW FROM OPERATING ACTIVITIES

	YTD 2009	YTD 2008	2008
Ordinary profit before taxes	-1 332	-802	-96 411
Ordinary depreciation	32	41	60
Impairment	0	0	95 000
Share option program	10	120	143
Income tax paid	0	0	-210
Interest income	-93	-958	-1 916
Interest cost	0	206	413
Changes in debtors and creditors	3 124	103 228	190
Change in other balance sheet items	-559	1 918	3 164
NET CASH FLOW FROM OPERATING ACTIVITIES	1 182	103 753	433

CASH FLOW FROM INVESTING ACTIVITIES

Vessel under construction	-30 123	-233 501	-297 873
Investment in other non-current assets	0	0	0
NET CASH FLOW FROM INVESTMENTS ACTIVITIES	-30 123	-233 501	-297 873

CASH FLOW FROM FINANCIAL ACTIVITIES

Interest received	93	958	1 916
Incorporation/increase in capital	27 193	1 528	153 124
Interest paid and capitalized	0	-206	-413
NET CASH FLOW FROM FINANCIAL ACTIVITIES	27 286	2 280	154 627

NET CASH FLOW

Cash as at start of period	10 919	153 733	153 733
Cash as at end of period	9 264	26 265	10 919

NEXUS FLOATING PRODUCTION LTD STATEMENT OF CHANGES IN EQUITY

(USD 1000)

	YTD 2009	YTD 2008	2008
Total shareholders equity at beginning of period	100 067	195 923	195 923
Profit after taxes for the period	-1 455	-799	-95 786
Currency translation difference	72	30	-225
Incorporation	0	0	0
Issue of new shares	0	0	0
Convertible bond, equity part	0	0	0
Equity transaction cost	0	0	0
Share option program	10	132	155
Total shareholders equity at end of period	98 694	195 286	100 067

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 was completed in July 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.

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