

# **NEXUS FLOATING PRODUCTION LIMITED**

## **Interim Consolidated Financial Information**

### **Fourth quarter and preliminary results 2009**



## Nexus Floating Production Ltd: **Fourth quarter 2009 results**

**The Nexus#1 FPSO was sold to Centennial Assets Ltd, an affiliate of the Brazilian EBX Group on 27 October 2009. Closing of the agreement took place on 13 November, and the effective purchase price was approximately USD 400 million. The effect of the transaction has been booked both in 3Q and 4Q. This resulted in a negative result before taxes of USD 257 million in 3Q, which has partly been offset by a positive result of USD 94 million in 4Q, giving a negative profit before taxes of USD 164 million for the year.**

### Key events

The Nexus#1 FPSO was completed and first stage of delivery was accomplished on 27 July 2009. Nexus had entered into an agreement with Samsung Heavy Industries under which the vessel would stay at the Samsung Yard for 6 months, and Samsung would have the responsibility for lay-up and preservation during this period. A part of the fifth installment was paid on delivery, and the remaining amount was postponed to the effective delivery date in January 2010.

On 27 October 2009 Nexus entered into an asset purchase agreement for the Nexus#1 FPSO with the purchaser Centennial Asset Ltd., an affiliate of the Brazilian EBX Group. The Nexus#1 FPSO was sold on an "as is - where is" basis and the purchaser took full responsibility for the contracts and obligations related to the final construction, development and delivery of the Nexus#1 FPSO, including payment of the outstanding balance of USD 38.1 million due to Samsung Heavy Industries Ltd.

The purchase price was equal to the aggregate of the following:

- 1) USD 255,000,000 to fully repay the 1st priority lenders;
- 2) USD 87,500,000 to repay the 2nd lien bondholders, equal to a 50.00% recovery of the outstanding face amount; and

3) USD 7,972,500 to repay the convertible bondholders, equal to a 10.63% recovery of the outstanding face amount.

4) Approximately USD 11.3 million (which included the cash balance of Nexus) was paid for the purpose to be able to pay all debt and liabilities of the company in an intermediate period and secure a solvent liquidation.

5) Approximately USD 38.1 million to be paid by EBX to Samsung Heavy Industries Ltd. as the outstanding balance not yet paid.

The sale of the Nexus#1 FPSO was approved by the Board of Directors, its first priority lenders, as well as bondholders representing more than 2/3 of the outstanding amount in the USD 175 million 2nd lien bond loan and in the USD 75 million unsecured convertible bond loan respectively.

Under certain conditions the holders of the 10.5% bonds and the convertible bonds can recover an additional amount not exceeding USD 67 million. It has been agreed that the effective liability shall not exceed the net assets of the company, and that it shall be subordinate.

### Project Overview

The total cost for the project was within the budget of USD 665

million. The budget did not include for lay-up cost.

The Vessel was completed on 27 July 2009. A post-completion project team was set-up at site to follow up the lay-up and preservation performed by Samsung. This team was also intended to monitor close out of activities of certain agreed carry-over work to be performed by Samsung.

The day-to-day project management continued 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).

Samsung Heavy Industries worked more than 2,6 million hours to complete the FPSO without any lost time injuries or other major HSE incidents.

After the sale of the vessel Nexus Floating Production Ltd is not involved in any activities related to the Nexus#1 FPSO.

### Finance

By the end of the fourth quarter all financial implications related to the sale of the Nexus#1 FPSO have been taken into account.

The impact for the fourth quarter is a positive financial result of USD 94 million, reducing the loss result for the full year to USD 164 million.

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The company had no operating income in the fourth quarter of 2009, and USD 0.1 million for the year. The income was generated from study work for oil companies.

The total operating cost for 2009 was USD 8.0 million compared to USD 3.5 million for 2008. The increase of USD 4.5 million is mainly related to advisory fees and other restructuring costs.

The value of the Nexus#1 FPSO has been impaired towards the agreed sales price. Due to the challenging market conditions and the new situation for the company the value of the Nexus#2 FPSO was impaired to no value by the end of the third quarter.

The impairment of the Nexus FPSO's in 2009 resulted in negative effect of USD 239.2 million for the company's result and balance sheet. The restructuring of the bond debt which effectively took place in 4Q had a net positive financial effect of USD 86.3 mill.

The liability of USD 67 million is related to the potential additional recovery for the bond holders under certain conditions. The amount is the maximum amount

recoverable, but the liability will not become effective unless similar value should be created from the company's activities. The liability thus implies that the company has a negative equity of USD 64 mill.

In 2009 total purchases from BW Offshore and subsidiaries amounted to USD 18.9 million.

By the end of 2009 cash holdings are USD 3.4 million.

#### **Accounting principles**

The preparation of the interim report is based upon IAS 34, and the accounting principles are equal to the 2008 Annual Report. The interim report has not been audited.

#### **Organisation**

The Company is managed by Nexus Floating Production Norge AS.

#### **Outlook**

After the sale of the Nexus#1FPSO the Board has decided to evaluate the various options available to the company, specifically any opportunities related to the existing contracts for the Nexus#2 FPSO.

The company is, however, dependent on reaching an agreement with the bondholders to waive the residual claim of USD 67 million, if the company is to uphold the requirements from listing by Oslo Stock Exchange.

The contracts, with Samsung Heavy Industries and with Advanced Production and Loading AS for the Nexus#2 FPSO have not been affected through the sale of Nexus 1.

The intended locations for the Nexus vessels are in harsh environments 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 operators have accumulated a backlog of prospects that are likely to move forward on present market conditions. The exploration activities in deeper waters and remote areas where FPSOs often are the chosen development solution are expected to continue.

Singapore, 23<sup>th</sup> February 2010

The Board of Directors

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

**NEXUS FLOATING PRODUCTION LTD**

**Consolidated figures according to IFRS**

<b>INCOME STATEMENT</b> (USD 1000)	<b>Q4 2009</b>	<b>Q3 2009</b>	<b>Q2 2009</b>	<b>Q1 2009</b>	<b>Q4 2008</b>	<b>YTD 2009</b>	<b>YTD 2008</b>
<b>Revenues</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>365</b>
Cost of sales	29	74	72	0	7	175	237
Employee benefits	343	261	397	196	213	1 197	767
Other operating expenses	4 010	1 946	492	423	742	6 871	2 701
<b>EBITDA<sup>2</sup></b>	<b>-4 382</b>	<b>-2 281</b>	<b>-858</b>	<b>-619</b>	<b>-962</b>	<b>-8 140</b>	<b>-3 340</b>
Depreciation	15	17	17	15	4	64	59
Write down/(reversal)	-9 330	248 505	0	0	95 000	239 175	95 000
<b>EBIT<sup>3</sup></b>	<b>4 933</b>	<b>-250 803</b>	<b>-875</b>	<b>-634</b>	<b>-95 965</b>	<b>-247 379</b>	<b>-98 399</b>
Financial income	93 246	-115	84	93	514	93 308	2 680
Financial costs	-4 268	-5 919	0	0	-62	-10 187	-691
<b>Profit before taxes</b>	<b>93 911</b>	<b>-256 837</b>	<b>-791</b>	<b>-541</b>	<b>-95 512</b>	<b>-164 258</b>	<b>-96 410</b>
Taxes	108	-15	-72	-51	638	-30	625
<b>Profit after taxes</b>	<b>94 019</b>	<b>-256 852</b>	<b>-863</b>	<b>-592</b>	<b>-94 874</b>	<b>-164 288</b>	<b>-95 785</b>
Earnings per share (USD)	4,9355	-13,4833	-0,0453	0,0311	-4,9804	-8,6242	-5,0282
Diluted earnings per share (USD)	4,9355	-13,4833	-0,0453	0,0311	-4,9804	-8,6242	-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

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**NEXUS FLOATING PRODUCTION LTD**

**BALANCE SHEET**

(USD 1000)

**ASSETS**

**NON-CURRENT ASSETS**

Intangible assets	2	5	6	8	10
Vessels under construction	0	0	507 885	496 122	477 762
Other non-current assets	107	120	122	126	138
Pension funds	41	46	42	39	39

**TOTAL NON-CURRENT ASSETS**

**150      171      508 055      496 295      477 949**

**CURRENT ASSETS**

Other current assets	85	697	2 849	1 767	2 358
Cash and cash equivalents	3 392	15 832	9 264	15 652	10 919
Asset held for sale	0	336 353	0	0	0

**TOTAL CURRENT ASSETS**

**3 477      352 882      12 113      17 419      13 277**

**TOTAL ASSETS**

**3 627      353 053      520 168      513 714      491 226**

**EQUITY AND LIABILITIES**

**SHAREHOLDERS EQUITY**

**-64 033      -158 054      98 694      99 490      100 069**

**LIABILITIES**

Interest bearing loans	0	0	0	407 626	386 802
Non-interest bearing loans	67 025	0	0	0	0
Pension liability	4	0	0	0	0
Deferred tax liability	4	1 464	1 462	1 461	1 461

**TOTAL NON-CURRENT LIABILITIES**

**67 033      1 464      1 462      409 087      388 263**

**CURRENT LIABILITIES**

Interest bearing loans	0	505 594	413 995	0	0
Trade and other payables	327	2 080	0	3 526	1 157
Income tax payable	40	117	98	38	92
Public duties payable	126	46	54	45	163
Other short-term liabilities	134	1 806	5 865	1 528	1 482

**TOTAL CURRENT LIABILITIES**

**627      509 643      420 012      5 137      2 894**

**TOTAL LIABILITIES**

**67 660      511 107      421 474      414 224      391 157**

**TOTAL EQUITY AND LIABILITIES**

**3 627      353 053      520 168      513 714      491 226**

## NEXUS FLOATING PRODUCTION LTD

### CASH FLOW STATEMENT

(USD 1000)

#### CASH FLOW FROM OPERATING ACTIVITIES

	2009	2008
Ordinary profit before taxes	-164 258	-96 411
Ordinary depreciation	64	60
Impairment	239 175	95 000
Share option program	11	143
Income tax paid	-30	-210
Interest income	-95	-1 916
Interest cost	-10 187	413
Financial gain	-93 213	0
Changes in debtors and creditors	2 176	190
Other non cash adjustments	0	0
Change in other balance sheet items	-8 028	3 164
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-34 385</b>	<b>433</b>

#### CASH FLOW FROM INVESTING ACTIVITIES

Vessel under construction/Proceed from sale of vessel	336 353	-297 873
Investment in other non-current assets	0	0
Interest received	95	1 916
<b>NET CASH FLOW FROM INVESTMENTS ACTIVITIES</b>	<b>336 448</b>	<b>-295 957</b>

#### CASH FLOW FROM FINANCIAL ACTIVITIES

Incorporation/increase in capital	-319 777	153 124
Interest paid and capitalized	10 187	-413
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-309 590</b>	<b>152 711</b>

#### NET CASH FLOW

Cash as at start of period	10 919	153 733
<b>Cash as at end of period</b>	<b>3 392</b>	<b>10 919</b>

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**STATEMENT OF CHANGES IN EQUITY**

(USD 1000)

	Share capital	Retained earnings	Other paid-in equity	Currency translation effect	Share-based payments	Total equity
Equity as at 1 January 2008	194 927	(10 108)	9 428	25	1 651	195 923
Share based payments					108	108
Net profit for the year		(95 785)				(95 785)
Currency translation effect	-	-	-	(177)	-	(177)
<b>Equity as at 31 December 2008</b>	<b>194 927</b>	<b>(105 893)</b>	<b>9 428</b>	<b>(152)</b>	<b>1 759</b>	<b>100 069</b>
Equity as at 1 January 2009	194 927	(105 893)	9 428	(152)	1 759	100 069
Net profit for the period		(164 288)	-		-	(164 288)
Share based payments					11	11
Currency translation effect				175		175
<b>Equity as at 31 December 2009</b>	<b>194 927</b>	<b>(270 181)</b>	<b>9 428</b>	<b>23</b>	<b>1 770</b>	<b>(64 033)</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.

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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